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Trade Data: U.S. Numbers Game

By John Meehan
International Herald Tribune

From the outside, the U.S. Census Bureau's signal, white brick headquarters resembles any number of non-descript government buildings that have cropped up in Washington suburbs to accommodate the bureaucratic sprawl.

But once a month, in an office somewhere on the second floor, the exact location is kept secret, six staff members calculate one of the world's most closely watched statistics, a number that routinely causes international financial markets to soar or to plunge. These workers add up American imports and exports in a task that has taken on a critical dimension since disappointing deficit figures for August forestalled Oct. 19's stock market collapse.

Like the U.S. money supply data in the early 1980s, the trade figures have become the subject of a monthly ritual of rumor and speculation from New York to Tokyo. The November statistics will be released Friday morning.

But what is less well publicized is the debate among experts, in and out of government, about the accuracy of this monthly data. While economists give high marks to Census officials for improving the reports in the past year, many still question the statistics' validity.

"Anyone who's betting their life on the monthly figures is making a big mistake," said Lawrence Chimere, chairman and chief economist for the WFEA Group, formerly Wharton Econometrics. "There are too many erratic factors."

This is not to say that the U.S. trade figures are significantly better or worse than those published by other nations. Most analysts say the results, examined over time, are an acceptable measure of the seemingly intractable U.S. trade deficit.

Instead, they express concern that financial markets are overreacting each month to calculations that are undermined by antiquated customs techniques, spotty reporting and statistical methods that raise questions about the size of the deficit in any one month. Moreover, the monthly trade figures are rarely revised, as are other significant indicators such as gross national product.

The margin for error in the monthly deficit, many economists contend, can be as high as \$2 billion, hardly noteworthy given the heavy volume of U.S. trade but certainly an uncomfortable range in financial markets.

"I forecast \$15.3 billion for November," said Allen Sinai, chief economist for Boston Co. "But I'm telling clients that this could mean a \$14.5 billion deficit, which is possibly in the market, or \$16.5 billion, which is dangerous."

Dale Larsen, a senior economist for Bank of America in San Francisco, prefers the quarterly figures that are published by the Commerce Department but are virtually ignored by the financial community. "Quarterly figures are better because some clerk may discover some numbers in his desk," he said.

Don Adams, director of the Census Bureau's foreign trade division and the man in charge of compiling the monthly statistics, admits that there are problems. "We already have taken several steps to improve the quality of the figures," he said. "And more will be done."

In many ways, the sheer magnitude of the task makes the system vulnerable, experts say. Every month, customs agents at the 350 designated ports of entry around



JOYFUL IRANIAN DISSIDENTS — Members of the families of Iranian hunger strikers celebrating Thursday near Paris, after the French government announced that 15 Iranians and Turkish refugees deported to Gabon in December would be allowed to return to France or Spain. France said Thursday that the 15 would be deported again if they violated rules on asylum. Page 5.

Israelis Detain Editors

Crackdown Seen As Step in Rabin's 'Iron Fist' Policy

By Jonathan C. Randal
Washington Post Staff Writer

JERUSALEM — Israel cracked down Thursday on the Palestinian press, detaining five journalists, including a prominent newspaper editor once endorsed as a delegate in Middle East peace talks.

The press clampdown came after the deportation in Lebanon on Wednesday of four Palestinians accused of inciting the disturbances that since Dec. 9 have opposed Israel's 20-year occupation of the West Bank and Gaza Strip.

Both moves appeared part of Defense Minister Yitzhak Rabin's "iron fist" policy designed to re-establish calm in the occupied territories, which passed a relatively calm day despite a continuing general strike in much of the West Bank and curfews on 13 refugee camps.

For the first time since Jan. 7, military sources reported no deaths connected with the disturbances.

[The Lebanese police said that four West Bank Palestinians deported Thursday to a Palestinian guerrilla faction aligned with Syria. The Associated Press reported.]

[At the United Nations in New York, the Security Council called on Israel to allow the deported Palestinians to return to their homes in the West Bank. The resolution was adopted 14-0, with the United States abstaining.]

Israeli journalists suggested that the aim of the clampdown on the Palestinian press was to shut off news from the occupied territories that the Israeli-censored Palestinian press often passed on to Israeli and foreign reporters.

Paradoxically, persistent unconfirmed reports also suggested that Foreign Minister Shimon Peres's chief of the national coalition government was using Palestinian journalists as sounding boards and conduits to shadowy figures now directing the demonstrations and protests.

Among the journalists detained was Hana Simora, the editor in chief of the daily Al Faraj who in 1985 was approved by Israel, the Palestine Liberation Organization and the United States as a Palestinian delegate to peace talks that eventually fell through.

He was questioned for five hours about his recent call for Palestinians to boycott Israeli cigarettes and soft drinks and released on the equivalent of a \$1,300 bond. Also released were Ibrahim Kara'in.

See ISRAEL, Page 2

U.S. Official Faults Japan Trade Offer

By Reginald Dale
International Herald Tribune

PARIS — By signaling its readiness to take the unusual step of selling part of its official reserves to Japan, if necessary, the United States has extended its commitment to defend the dollar against a new wave of speculative attack.

Market analysts and monetary officials, however, expressed caution Thursday about the plan, under which Washington would acquire Japanese yen to support the dollar in exchange for special drawing rights. SDRs are special paper assets held by the United States in its account with the International Monetary Fund.

Reagan administration officials said that the SDR plan was "a way to stabilize the market should it be necessary, a way for the U.S. government to get its hands on additional yen."

Economic experts said that the offer "showed some stiffening of U.S. resolve to stabilize exchange rates, but stopped short of a total commitment to the dollar's defense. 'I'm still not sure their hearts are in it,' said Chris Johns, an economist at Phillips & Drew, a London brokerage.

Many private analysts believe that the United States should take the further step of issuing bonds denominated in foreign currencies to support the dollar, a proposal that Washington is still adamantly resisting.

Foreign exchange markets paid little attention Thursday to the SDR plan, which was unveiled Wednesday after President Ronald Reagan announced new joint efforts with Japan to stabilize currencies. (Page 15.)

The markets, where the dollar was trading little changed, were instead worrying over U.S. trade figures to be released Friday.

Japanese officials, who want to

China Sends Condolences to Taiwan As Zhao Praises Chiang's Policies

By Daniel Southerland
Washington Post Staff Writer

BEIJING — Extending an olive branch to old enemies, the Chinese Communist Party leader, Zhao Ziyang, sent an extraordinary message of condolence to Taiwan on Thursday over the death of the island's staunchly anti-Communist president, Chiang Ching-kuo.

According to the official Xinhua news agency, Mr. Zhao praised Mr. Chiang for standing for the reunification of Taiwan with the Chinese mainland and for making efforts to relieve tensions between the two sides.

Mr. Zhao called on Mr. Chiang's successors in the Taiwan leadership to promote what he described as "the promising momentum" beginning to appear in the relationship between the two sides. He reaffirmed Beijing's advocacy of a "peaceful reunification" between the mainland and Taiwan.

Xinhua said the Communist Party Central Committee sent a message of condolence to the Central

The message from Beijing read: "Shocked to learn of the passing away of Mr. Chiang Ching-kuo, we would like to express our deep condolences and sincere sympathy to his relatives."

China's national television network opened its program Thursday evening with unprecedented coverage of Mr. Chiang's life. It devoted two minutes to describing the message of condolences and showing films from Mr. Chiang's speeches and other activities that have never been seen on the mainland before.

The television announcers had nothing negative to say about Mr. Chiang. But, in line with all the other comments emanating Thursday from Beijing, they did not recognize Mr. Chiang as the president of Taiwan but referred to him in the past tense.

Committee of the Kuomintang, Taiwan's ruling Nationalist Party. It pressed shock at the death of Beijing's longtime foe, who died Wednesday at age 77.

The Communists had driven the nationalist forces led by Mr. Chiang's father, Chiang Kai-shek, off the mainland nearly four decades ago.

Warhead Limit at Issue As Arms Talks Resume

The Associated Press

GENEVA — U.S. and Soviet arms control negotiators opened a new round of talks on Thursday intended to conclude a treaty to cut intercontinental nuclear forces by 50 percent in time for the Moscow summit meeting planned for later this year.

The first meeting, a luncheon at which the Russians played host took place in a "constructive and cordial atmosphere," the U.S. spokesman, Terry Schroeder, said.

He said that in the two-and-a-half-hour session both sides discussed "the modalities of how to proceed" with the talks. He did not elaborate.

The delegations are headed by Alexei A. Obukhov for the Soviet Union and Max M. Kampelman for the United States.

U.S. to Stick to Position

Michael R. Gordon of The New York Times reported earlier from Washington: The United States will stick to key elements of its position on reducing long-range nuclear arms in the new round of talks, Reagan administration officials said Wednesday.

The officials said the United States would repeat its proposal for a limit of 3,200 on the number of warheads on land-based missiles and would repeat its demand for a ban on mobile missiles.

But some administration officials said they expected American officials to explore compromises on these issues in this round and to try to lay the groundwork for a meeting scheduled next month in Moscow between Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze.

Mr. Shultz and Mr. Shevardnadze are to meet three times before a summit meeting between President Ronald Reagan and Mikhail S. Gorbachev in Moscow, which officials expect to be held in May or June. Some administration officials say they view the meetings between the foreign ministers as the principal means for resolving key issues.

Edward L. Rowny, a conservative adviser to President Reagan, said Wednesday that the "chances are not overwhelmingly great" that the two sides could complete a treaty before the summit meeting.

The two sides have worked out the outlines of an agreement reducing long-range arms but still have important differences over the U.S.-proposed ban on mobile missiles, the question of what limits should be placed on land-based missiles and other matters.

On mobile missiles, some administration officials said several compromise positions had been considered within the administration. The administration is said to have considered proposals that would permit mobile missiles that travel on roads while banning those that travel by rail. An alternative plan would set an overall limit on mobile missiles of whatever type.

On the subject of a limit on war-

See ARMS, Page 2

Seoul Identifies Woman on Jet

SEOUL (AP) — A woman who left a Korean Air jetliner before it crashed near the Thai-Burma border in November with 115 people on board was a North Korean agent trained in terrorism, state television reported Thursday.

The television, KBS, quoted government sources as saying the woman is Kim Yoon Hee, 27. She disclosed her family background and that she was trained in terrorism by North Korea, the report said. A government statement on the case is expected Friday.

The woman had traveled on a false Japanese passport under the name Mayumi Hachiya. She has been questioned about the case since her extradition from Bahrain on Dec. 16.

For Latin Americans, The Dollar Still Reigns

By Juan de Onis
International Herald Tribune

RIO DE JANEIRO — The dollar may be bucking before the Deutsche mark and swooning before the yen, but in much of South America it is still king.

"The dollar's continuing strength is partly psychological and partly lack of information," said Bento Heider, a Brazilian travel agent. "We have passengers who are going to Germany and insist on buying dollars, even when they could buy marks at exchange dealers here more cheaply than in Germany."

One reason is that there are not enough marks, yen, francs, guilders and pounds circulating in South America to meet market needs. Another is that the continent historically is a "dollar area," and there has been no shift toward a stronger currency.

Local currencies are closely linked, by official exchange rates or black market trading, to the U.S. currency. As the dollar falls or rises, such currencies as the Brazilian cruzado and the Peruvian sol follow.

"When the dollar fell 35 percent, there was some interest in European currencies," said a Brazilian money dealer. "But in the southern cone of South America, the dollar is the starting point for all currency deals."

Another money dealer agreed. "The dollar is a habit," he said. "We see some increased interest now in European currencies by smart investors, but it will take time to change the market."

The dollar's strength seems folkloric at times. The currency still has magic. It is praised in popular sayings and symbolizes speculation.

"I go up like the dollar and down like the cruzado," goes a slogan painted on some truck bumpers in Brazil. On a wall in central Rio de Janeiro, an anonymous muralist has painted a huge dollar sign, surrounded by prostrated human figures, like Muslims praying, under the title: "Enough of Speculation."

The dollar is the currency of the tourist industry, in part because

NYSE Curtails Block Trading

NEW YORK (Reuters) — The New York Stock Exchange asked its member firms Thursday to curtail program trading when the Dow Jones average of 30 industrial stocks reaches a high or low of 75 points from the previous day's close.

The NYSE said the request would go into effect Friday, when the U.S. trade report for November is expected to have a major impact on the market, and continue for the six sessions through Jan. 22.



Ronald Li, former chairman of the Hong Kong Stock Exchange, was charged under the colony's Prevention of Bribery ordinance. Page 11.

General News

Iran has received Silkorm missiles through North Korea, U.S. sources say. Page 2.

The collapse of merger talks has thrown Britain's political center into disarray. Page 5.

Travel
A memorable trip up Mount Kilimanjaro. Page 7.

Dow Close The Dollar in New York
Down 8.62
1.8235
1.8225
128.05
6.5075

Aggressive Men Cope Best With Heart Disease, Study Finds

By Michael Specter
Washington Post Service

WASHINGTON — Challenging one of the more popular notions of modern health care, researchers say they have found evidence that men with hard-driving "Type A" personalities are almost twice as likely to survive heart disease as those who are less aggressive.

The study also questions the theory that Type A behavior leads to a higher risk of heart disease, a theory that has led millions of Americans to change their life styles.

"The results really summed us up," said Dr. David R. Ragland, an epidemiologist at the University of California at Berkeley. "Changing Type A behavior may prove to have no beneficial effect, and there is some evidence that it will even be harmful."

The study, which appears in Thursday's issue of The New England Journal of Medicine, is certain to add fuel to the continuing debate over the health effects of the competitive and aggressive behavior that describes the Type A personality. In contrast, "Type B" personalities are described more often as patient and secure, rarely letting minor problems upset them.

Dr. Ragland and Dr. Richard J. Brand studied 257 men of both personality types who were identified as having heart disease. Over a 13-year period, the Type A men were only 58 percent as likely as the others to die from heart disease.

Previous studies have suggested that behavior modification programs among Type A men who had suffered heart attacks would cut their risk of a second attack in half.

But the definition and importance of Type A behavior, and the relationship between personality and heart disease, have been disputed for more than 30 years. Many experts now say there is a complicated relationship, but they are not certain that rules can apply to groups of people.

Dr. Ragland said, "It might be that what is good for one person is disastrous for another when it comes to heart disease."

His study found that in the short term, Type A and Type B patients died of heart disease at the same rate. Among the 231 cases who survived for at least 24 hours, however, the mortality rate for the 160 Type A men was far lower than for the 71 Type B men.

The authors cite as one possible explanation that Type A survivors may respond more forcefully to heart disease. They may be better at changing their diets and habits. And because Type A people are often considered leaders, they might have had a better ability to take charge of their medical situation.

In the past, those who believe in Type A theories suggested that the feelings of hostility and aggression harbored by Type A personalities led to the extra secretion of certain hormones. That, in turn, causes unacceptable increases in blood pressure and heart rate that can lead to coronary heart disease.

Recently, however, research has challenged the traditional wisdom that Type A behavior would lead a person to an increased risk of heart disease. Doctors often disagree on how to measure Type A, how to treat it or whether it really exists.

In an editorial also published in Thursday's New England Journal, Dr. Joel E. Dimsdale writes that the new research "presents such a startling conclusion that it is appropriate to reassess the legacy of studies on Type A behavior."

Although previous data from the Western Collaborative Group Study, which followed 3,154 healthy men for eight and a half years, provided support for the view that Type A men were at increased risk for heart disease, Dr. Dimsdale wrote that the current information "casts a long shadow indeed" over the entire theory.

But Dr. Meyer W. Friedman, who wrote the original research on Type A behavior and remains one of its most forceful believers, called the new research flawed.

"They did not classify the people properly," he said. "We have found very clearly that Type A behavior causes heart disease and that those who modify it are at reduced risk for heart attacks."



Alexei A. Obukhov, left, the head of the Soviet team at the new round of nuclear weapons reduction talks in Geneva, welcoming Max M. Kampelman, center, the chief of the U.S. delegation, and Henry F. Cooper at a luncheon on Thursday at the Soviet Mission.

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On the subject of a limit on war-

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75015 PARIS

U.S. Believes North Korea Sent Missiles To Tehran

By Molly Moore
Washington Post Service
WASHINGTON — A shipment of Chinese-made Silkworm missiles from North Korea is believed to have arrived Monday at an Iranian port, according to Reagan administration sources.

About half a dozen missiles and a launcher were spotted on the dock of a North Korean port where the Iranian merchant ship Iran Bayan was loading two weeks ago, according to intelligence reports.

When the ship sailed, the missiles and equipment were no longer on the wharf, indicating that they had been loaded on the ship, the reports said.

[China denied Thursday that it had sent Silkworm missiles to Iran, Reuters reported from Beijing. The Foreign Ministry announced, "We have already taken strict measures very early to prevent the flow of Chinese missiles into Iran through the international market."]

U.S. intelligence sources monitored the ship as it sailed from North Korea into Bandar Abbas, the Iranian port, sources said.

U.S. officials reported two weeks ago that they believed that China was sending Iran more Silkworm missiles or a newer, more deadly cruise missile that could be used in escalating the "tanker war" with Iraq in the Gulf.

Intelligence sources spotted crates of the new missiles on docks in North Korea but lost track of that shipment, the officials said. Defense Department officials said Wednesday that they did not believe those missiles were part of the shipment received Monday.

Silkworm missiles have been considered a major threat to shipping in the Gulf where the U.S. Navy has been escorting American-flagged Kuwaiti tankers since July.

An Iranian Silkworm attack on an American-flagged ship in a Kuwait harbor prompted U.S. retaliation last October in which the navy destroyed Iranian platforms used in the Gulf for military operations.

U.S. officials have criticized China harshly for selling Silkworm missiles and other anti-ship weapons to Iran and decided late last year to delay transfers of high-technology items to China unless it stopped such shipments.

China is Iran's largest weapons supplier and is believed to have sold Iran about 100 Silkworms in recent years, U.S. sources say. China also is a major supplier for Iraq, which has been at war with Iran since September 1980.

Iran has launched several Silkworms against Iraqi land targets and hit two ships in Kuwaiti waters. Kuwait is an ally of Iraq.

An Iranian warship pumped rocket-propelled grenades and machine-gun fire into a Dutch tanker, injuring two seamen and damaging the crew quarters. The Associated Press reported from Manama, Bahrain.

The 35,731-ton Petrobank Pioneer was hit just outside Dubai's territorial waters at 4:55 A.M. and it later anchored near the port, where the injured men were taken to a hospital, witnesses and shipping executives reported.

The attack caused a minor fire on the ship, owned by Naess Shipping Holland BV, said shipping executives, who spoke on condition of anonymity. They said the 24-man crew extinguished the flames.

Bonn Shuts Nuclear Plant Over Waste Shipments

Reuters
BONN — West Germany shut down a nuclear processing facility on Thursday in an uproar over illegal transportation of nuclear waste.

Government sources also said that a Belgian company implicated in the affair might have resold material suitable for making nuclear bombs to Libya and Pakistan.

Federal Environment Minister Klaus Toepfer said that the Nukem GmbH nuclear fuel processing facility in Hanau was ordered closed because of evidence it had covered up the transportation of more than 2,000 barrels of highly toxic waste by a subsidiary.

The subsidiary, Transnuklear GmbH, lost its license to ship nuclear waste on Dec. 17 after investigators found that it had transported

2,438 barrels of falsely labeled waste to and from a Belgian processing center.

The waste included 321 barrels of plutonium, used in the making of atomic bombs.

Transnuklear is accused of systematically bribing safety inspectors to enable it to ship the waste.

Government sources in the state of Hesse, where the Nukem facility is situated, said that the nuclear processor in Mol, Belgium, that handled Nukem's waste was suspected of having provided nuclear materials to Libya and Pakistan.

The sources said the material alleged to have been sold by the Belgian company was suited to the production of nuclear weapons.

"Transnuklear had very close contacts with the Mol nuclear processing complex," a Hesse government source said.

Interpol, the international police agency, is investigating suspected nuclear shipments to Pakistan and Libya through Switzerland, the source said.

Western officials believe that Pakistan may be pursuing a secret program to build nuclear bombs with plutonium and other materials obtained abroad. Pakistan has denied this.

Mr. Toepfer said that the Nukem complex was being ordered to suspend operations immediately due to evidence of "irregularities in the transport and processing of radioactive waste."

He said it appeared that Nukem had violated its operating license by covering up illegal operations by Transnuklear.

In Hanau, Nukem officials were not immediately available for comment.

The Nukem complex in Hanau is one of several major nuclear fuel manufacturers in a town that is one of the West's most important supply centers for atomic energy.

Bonn's action against Nukem appeared intended in part to shore up flagging public confidence in West Germany's large nuclear power industry. Public opinion surveys have detected deep distrust since the April 1986 Chernobyl nuclear accident in the Soviet Union.

West Germany has 21 nuclear power plants supplying about one third of the nation's electricity. The Christian Democrats, who

hold power in Bonn as well as Hesse and several other states, back the continued use of nuclear energy. The Social Democrats and Greens want all nuclear power plants closed.

Assertions by the Greens party that Nukem and another Hanau nuclear fuel producer, Alkem GmbH, were running unsafe operations and should be closed dominated the Hesse state election campaign in 1987.

Chernobyl Cost Is Revised
The Soviet Politburo disclosed Thursday that the accident at the Chernobyl nuclear power station cost the equivalent of almost \$14 billion, or four times what had been reported earlier. The Associated Press reported from Moscow.

U.S. Faults Pakistan in Export Case
By David K. Shipler
New York Times Service
WASHINGTON — The State Department has concluded that the Pakistani government was probably involved in a plot by a Pakistani-born businessman to smuggle material for nuclear weapons out of the United States, according to U.S. officials.

But the department, in a memorandum to President Ronald Reagan, also recommended that the president issue a waiver of a law that would require a cutoff in aid to Pakistan, Reagan administration and congressional officials said Wednesday.

As a result, there will be no sanctions against Pakistan, whose cooperation is deemed essential in providing bases and conveying military supplies to guerrillas fighting Soviet troops in Afghanistan.

The decision would clear the way for the payment of \$480 million in U.S. military and economic assistance to Pakistan this fiscal year. U.S. officials were in Pakistan earlier this week to discuss the details of the aid package, including a Pakistani request for several AWACS radar planes.

Congress approved the first portion of a new six-year, \$4 billion aid package for Pakistan after a long debate over whether and how the United States should use its influence to head off a Pakistani-Indian nuclear arms race.

The State Department spokesman, Charles E. Redman, said Thursday that the administration had made "no final decision" on the waiver issue. The Washington Post reported. He refused to comment on whether the department had concluded the Pakistani government was probably connected to the nuclear case.

The nuclear case involved Arshad Z. Pervez, a Canadian businessman born in Pakistan, who was convicted in Philadelphia in December of trying to purchase and send to Pakistan 25 tons of a special steel alloy that can be used in plants that make enriched uranium for nuclear weapons.

Pakistan has denied involvement with Mr. Pervez. But an administration official said the State Department had determined that there was "an adequate body of evidence and activity that establishes that the government of Pakistan was responsible for these activities."

The United States has shown ambivalence in dealing with Pakistan on the nuclear issue. The Reagan administration, depending on Pakistan as a route for supplies to the Afghan guerrillas, has tried to avoid any actions that would anger the Pakistani government. This explains the State Department's recommendation not to cut off aid.

The department submitted its memorandum to the White House early this week under a 1985 law, sponsored by Representative Stephen J. Solarz, Democrat of New York, that requires a halt in aid to a government involved in such smuggling. But the statute also permits the president to waive the cutoff in the interests of national security.

WARN: Japan Criticized
(Continued from Page 1)
tions have made it nearly impossible for them to win contracts.

Mr. Yea said that Japan's proposal did not make clear whether all Japanese projects would be open to U.S. bidding and also what Japan means in suggesting the bids be made through joint ventures with Japanese companies.

"Our preliminary judgment is that the proposal does not meet our needs and that we're going to have some tough, hard negotiations ahead," Mr. Yea said.

He added: "We certainly are a ways apart, and we'll have to make our own judgment whether retaliatory action will be needed to achieve that objective."

Mr. Takeshita leaves the United States Friday for an official visit to Canada. (AP, UPI)

EC Warns on Proposal
The European Community will not accept any U.S.-Japan agreement that allows only American companies to enter the Japanese construction market, the ambassador of the 12-nation group said Thursday in Tokyo. The Associated Press reported.

"Special deals being made behind closed doors and curtains are not easy for Europeans to accept," Ambassador Andreus van Agt said.

Oslo and Moscow Talks Stalemated
OSLO (Reuters) — Prime Minister Gro Harlem Brundtland of Norway said that talks Thursday with the Soviet Union aimed at resolving a 13-year-old territorial dispute in the Barents Sea had not reached progress.

Mrs. Brundtland said after two hours of discussions with Nikolai Ryzhkov, the Soviet prime minister, that Soviet proposals had advanced earlier ones rejected by Norway. Mr. Ryzhkov sent a message to Sweden earlier this week.

The Barents Sea, north of Norway, is home waters to the Soviet Union's northern naval fleet and is believed to have rich oil deposits. Brundtland said: "An unresolved question of this importance will affect the potential for increased cooperation" between Norway and the Soviet Union. "We must make progress on this issue," she said. "It is the most important outstanding question between our countries."

Moscow Backtracks on U.S. Adviser
MOSCOW (Combined Dispatches) — A Soviet spokesman said Thursday that Moscow had no information about an American military adviser who was reported by Tass to have been killed in Afghanistan.

In a report issued on Dec. 28, the Soviet press agency said that "at least one American adviser" had died in fighting around the Afghan town of Khost. The U.S. State Department denied the report. On Thursday, Gennadi I. Gerasimov, the Foreign Ministry spokesman, said: "We do not have any data about that person. We do not have any information I checked this out."

In another development, Moslem rebels said Thursday that they had killed one of Afghanistan's highest-ranking military officers, General Imamuddin, during a recent three-week Soviet and Afghan government offensive. The offensive was aimed at lifting a guerrilla siege around Khost. The report could not be confirmed. (Reuters, UPI)

U.S. Weekly Closes Singapore Office
SINGAPORE (Reuters) — U.S. News and World Report, an American weekly magazine, will close its Singapore office at the end of this month as part of an austerity measure, a magazine spokesman said Thursday.

It is the second foreign journal to announce the closure of its Singapore office in the past week. The Economist, a British weekly, said last weekend it would move its bureau in Singapore to Hong Kong because the British colony was "a better listening post for Asia." Both magazines said the closures of their one-man offices in Singapore were not connected with the government's decision last month to restrict the weekly sales of the Far Eastern Economic Review.

The government slashed the Review's sales to 500 copies from 9,000 copies for publishing what it called "distorted and misleading articles" that it said were "calculated to discredit and denigrate the Singapore government."

TRAVEL UPDATE
London City-Paris Flights to Resume
LONDON (Reuters) — Return flights to Paris from London's new City Airport, suspended a month ago over fears about insufficient traffic control, will resume Wednesday, the Civil Aviation Authority said.

Officials said Thursday that Brynmor Airways and Eurocity Express, the two airlines operating to Paris, had agreed to use an alternative air corridor where full radar cover could be provided.

The agency suspended the Paris route on Dec. 18 after Brynmor complained that there was no proper control over the southeast English coast, where three near-collisions were reported in the first weeks after the airport opened Oct. 26. An inquiry panel was set up to look into the problem.

Flights were normal in Spain on Thursday as pilots for the airline Iberia called off a 24-hour strike after management agreed to discuss complaints about working hours, an airline spokesman said. (Reuters)

DOLLAR: King in Latin America

(Continued from Page 1)
tolerated by the authorities and the black market rates are quoted on television and published in newspapers.

A dealer who asked not to be identified estimated that \$25 million is traded daily on the black market. Tourism, he said, accounted for only about \$2 million a day.

The Brazilian police suspect that some of the dollars in the country come from gold smugglers and cocaine traffickers from Bolivia, Colombia and Peru.

Rates change daily, responding to demand and movements in the official rate. There are almost daily "microvaluations" of the official rate by South American central banks trying to offset soaring inflation.

The bulk of the black market transactions are believed to involve exporters who do not include in their invoices all the payments they receive for goods and services sold abroad. They then can sell the hidden dollars on the black market for a tax-free gain.

Some buyers on the black market are seeking dollars for payments or transfers abroad that are not officially recorded. Shipping companies are important buyers. So are holders of cruzados who want to make payments or deposits abroad but do not want to wait for the licenses required to exchange such sums.

In Brazil, if interest rates lag behind rising prices, companies with cruzados on hand may make short-term investments in black market dollars as a hedge against inflation.

Black market dealers are in close contact with banks and correspondents abroad, but they rarely engage in currency speculation. Their business code stipulates that rate competition should be avoided and that their market quotations move in an orderly fashion.

ISRAEL: Clampdown on Arab Press Is Seen as Part of 'Iron Fist' Policy

(Continued from Page 1)
owner of the Palestine Press Service, which disseminates news about the occupied West Bank and Gaza Strip, and Ghassan Ayoub, a spokesman of the Palestinian Hotel Workers Union.

Still in custody facing more serious charges of belonging to the outlawed PLO were Mohammed Zuhair, who worked for Al Fajr; Salah Zuhair, deputy editor of the daily Ash-Sha'ab and Abdul Latif Ghaiath, former editor of Al Fajr.

Mr. Zuhair's home was raided at 2 A.M. and for two hours agents of Shin Bet, the domestic intelligence agency, broke furniture, tore up photographs and left the premises in a shambles, according to witnesses.

Meanwhile, in Gaza, the authorities detained three prominent personalities for most of the day before releasing them. They were Dr. Zakaria al-Agha, chairman of the Medical Association; Fayed Abu Rahmeh, chairman of the Gaza Bar Association, and Dr. Abdel Shafi, head of the Palestinian Red Crescent.

Their detention appeared designed to prevent their attendance at a news conference in an East Jerusalem hotel at which a 14-point communiqué was published calling for removing restrictions on political contacts with the PLO.

The occasion also marked the first time that major, older, middle-of-the-road members of the Palestinian establishment had succeeded in overcoming differences to act in concert backing standard PLO demands.

The communiqué also demanded that Israel stop deportations, honor the Geneva Conventions protecting civilians under military occupation, release prisoners arrested since Dec. 9, lift the "siege" of Palestinian refugee camps, stop land confiscation and cancel various taxes.

Meanwhile, Marrack Goulding, a UN undersecretary-general, paid a quiet visit to the Dheisheh refugee camp south of Jerusalem. The presence of Israeli troops at camps he sought to visit in Gaza earlier had touched off violent protests.

He later met with Mr. Peres for a brief visit during which he expressed his "concern and disappointment" over the expulsions.

CHINA: Condolences Sent
(Continued from Page 1)
stead as the Kuomintang chairman. Kuomintang officials, meanwhile, dismissed China's message of condolence as nothing more than psychological warfare, or a United Front tactic, aimed at luring the nationalists into negotiation with the Communists.

The Communists have said frequently that they would like to re-create the spirit of the United Front of the 1930s, when the Kuomintang and Communist Party united against the Japanese.

China has proposed that Taiwan accept reunification under a "one country, two systems" model. Taiwan could keep its administration and armed forces, Beijing says.

But the Kuomintang has adopted the "three no's" position of no contact, no compromise and no negotiations.

ARMS: Geneva Talks Resume With Summit Deadline

(Continued from Page 1)
heads on land-based missiles, some administration officials say they believe the United States will ultimately drop its demand for a limit of 3,300.

Soviet officials reportedly told U.S. experts during the summit meeting in Washington in December that Moscow's plans did not call for building a force that would exceed this limit in any event. The Soviet Union has said that it will agree to such a formal limit if the United States will accept a similar limit on submarine missiles, a position that the Reagan administration says is unacceptable.

The instructions to the U.S. negotiators did not repeat an earlier U.S. demand for a limit of 1,650 Soviet "heavy" land-based missiles, land-based missiles with more than six warheads, and mobile land-based missiles, should they be allowed.

There are still other difficult issues to be resolved. The two sides need to agree on "counting rules" that would determine how many nuclear air-launched cruise missiles should be attributed to different types of bombers.

In addition, the two sides differ over the definition of what air-launched cruise missiles should be covered. At the summit meeting in Washington, the United States proposed that air-launched cruise missiles that have a range of less than 1,000 miles (1,600 kilometers) should not be covered by the pact, a definition that administration officials said was intended to protect the U.S. option to develop conventionally armed cruise missiles.

Soviets Fault U.S. Photos
The Soviet Union said Thursday that there were problems with U.S. photographs of missiles due to be scrapped under terms of the intermediate nuclear forces treaty signed in Washington last month, Reuters reported from Moscow.

"The United States was very bad at taking pictures," the Foreign Ministry spokesman, Gennadi I. Gerasimov, said at a news conference. He was referring to pictures of missiles due to be destroyed.

The United States and the Soviet Union agreed to exchange photographs and other data about weapons covered by the treaty eliminating their medium- and short-range nuclear missiles.

Washington said Wednesday that it had asked Moscow to explain why a Soviet photograph of a shorter-range SS-25 missile due to be destroyed under the treaty showed the weapons as shorter than Soviet data had suggested.

Mr. Gerasimov said Soviet officials had told the United States on Thursday that the Soviet missile was photographed without a "connecting compartment" that connects the front section to the hull.

He said the section had been left out because U.S. and Soviet negotiators had not stipulated beforehand whether the connecting section belonged to the warhead or the body of the missile.

U.S. Sergeant Charged With Spying for Russia

WASHINGTON — A U.S. Army sergeant was arrested on Thursday and charged with attempted spying for the Soviet Union, the Federal Bureau of Investigation announced.

U.S. agents arrested Sergeant Daniel Richardson, 42, an instructor in the tank turret division at the Aberdeen Proving Grounds in Maryland.

Richardson was charged with spying for the Soviet Union, the FBI said. He was charged with providing information to the Soviet Union about the performance of the M109 tank turret.

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Bork Resigns From Federal Bench

WASHINGTON (AP) — Robert H. Bork has resigned as a U.S. appellate court judge, telling President Ronald Reagan he wants to "publicly respond" to the allegations that doomed his nomination to the Supreme Court, the White House announced.

Judge Bork's letter of resignation, dated Jan. 7, was released Thursday. In a letter accepting the 60-year-old jurist's request to leave the U.S. Court of Appeals for the District of Columbia, Mr. Reagan said: "The unprecedented political attack upon you which resulted in the rejection of your nomination to the Supreme Court was a tragedy for our country."

The Senate on Oct. 3 rejected Judge Bork's nomination to the Supreme Court by a 58-42 vote, culminating a tumultuous confirmation process.

Moscow Backtracks on U.S. Adviser

MOSCOW (Combined Dispatches) — A Soviet spokesman said Thursday that Moscow had no information about an American military adviser who was reported by Tass to have been killed in Afghanistan.

In a report issued on Dec. 28, the Soviet press agency said that "at least one American adviser" had died in fighting around the Afghan town of Khost. The U.S. State Department denied the report. On Thursday, Gennadi I. Gerasimov, the Foreign Ministry spokesman, said: "We do not have any data about that person. We do not have any information I checked this out."

In another development, Moslem rebels said Thursday that they had killed one of Afghanistan's highest-ranking military officers, General Imamuddin, during a recent three-week Soviet and Afghan government offensive. The offensive was aimed at lifting a guerrilla siege around Khost. The report could not be confirmed. (Reuters, UPI)

U.S. Weekly Closes Singapore Office

SINGAPORE (Reuters) — U.S. News and World Report, an American weekly magazine, will close its Singapore office at the end of this month as part of an austerity measure, a magazine spokesman said Thursday.

It is the second foreign journal to announce the closure of its Singapore office in the past week. The Economist, a British weekly, said last weekend it would move its bureau in Singapore to Hong Kong because the British colony was "a better listening post for Asia." Both magazines said the closures of their one-man offices in Singapore were not connected with the government's decision last month to restrict the weekly sales of the Far Eastern Economic Review.

The government slashed the Review's sales to 500 copies from 9,000 copies for publishing what it called "distorted and misleading articles" that it said were "calculated to discredit and denigrate the Singapore government."

DOONESBURY



Panel 1: "AND YOUR SOUL WILL GROW WITH EACH LIFE, THEN, IN THE 20th CENTURY, YOU WILL SURF!"

Panel 2: "I NEVER DARED DREAM OF SUCH THINGS!"

Panel 3: "UH-OH... I'M GETTING A STRONG VIBE FROM MY REGENERATION THERAPIST..."

Panel 4: "MY SESSION'S ALMOST OVER! I MUST RETURN TO CALIFORNIA, SISTER!"

Panel 5: "CALL RYAN! HE'S IN IBERIA!"

Panel 6: "MATT! WERE THE PINK HAIRS THE WARS TO END ALL WARS?"

Panel 7: "THERE'S NO PLACE LIKE HOME, THERE'S NO PLACE LIKE HOME, THERE'S NO PLACE LIKE HOME..."

Panel 8: "Special deals being made behind closed doors and curtains are not easy for Europeans to accept," Ambassador Andreus van Agt said.

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

Both Sides Are Unwilling

A double-barreled reality leaps out of the Central American peace process. The Reagan administration does not want peace, and the Sandinistas say they do but are unwilling to pay the necessary price for it. How else can Nicaragua's failure to meet the agreed timetable for democratization be explained? What other explanation is there for administration threats to curtail U.S. aid should the nations of the area not help the Nicaraguan rebels — as required by the Central American peace plan? It would be easy for either side to demonstrate that the other lacked commitment to peace. Managua could go forward with democratization without the United States ceasing support for the contras. Washington could agree to end contra aid in advance of the Sandinistas' granting further liberties. It speaks volumes that neither side has been willing to take such chances, even though doing so would spectacularly embarrass the other. The Sandinistas seem intent only on trying to erode U.S. support for the contras. The administration seems bound only to destroy the Sandinistas. Where does this leave the region's five presidents, about to meet in discuss progress? They can extend the timetable for cease-fires and democratization. Or they can threaten to wash their hands of negotiations and let the region plunge back into all-out warfare. Better to try again. In any event, let it be clear who bears the responsibility. Such is the state of the plan bravely and shrewdly put forward by President Oscar Arias Sánchez of Costa Rica. It would have been understandable had the Reagan administration expressed doubts about the plan's viability while wishing it well. But that is not enough for hard-liners who dominate. They fear giving the plan even an outside chance. So they sent a proconsul to warn dependent Central American states of punishment unless they shun Nicaragua and try persuading Congress to continue aid to the contras. This was the unmistakable message conveyed by the national security adviser, Lieutenant General Colin Powell, in talks over the weekend with leaders of El Salvador, Honduras, Guatemala and Costa Rica. He warned the four that if the contras are allowed to wither, "there will not be a sudden surge of interest in things Central American or other kinds of aid." Put bluntly, if Nicaragua's neighbors abide by their own peace plan's requirement to halt arms to contras, they cannot expect administration help in getting economic aid or loans. This proconsular diplomacy is deeply offensive. It is the way Moscow might compel its Warsaw Pact neighbors to toe the line. It is a further example of the banana republic diplomacy practiced by Assistant Secretary of State Elliott Abrams. All this comes at the end of another year in which the administration has pretended to favor a two-track policy on Nicaragua. It has consistently dismissed or forced out every senior official who tried to develop a diplomatic track. Central America's five presidents are grown-ups who can do without patronizing advice. They know better than any Yankee the economic and social woes of a region bed by civil war. They understand the difficulties of negotiating cease-fires, extending amnesties and calling elections in societies with weak democratic traditions. They deserve U.S. support, not threats. —THE NEW YORK TIMES.

In the Spirit of the Games

Forever, it sometimes seems, the Olympics have been an arena not so much for athletic competition as for political vengeance. This year it may be different. Politics has not vanished from the Olympic scene, but for once political considerations are working in good effect: to bring nations in rather than to drive them out, and in that way to make the Games true to their universalist sportsman's ideal. Specifically, the Russians are coming to the Summer Games in South Korea, despite the strong possibility that their ally in North Korea will choose not to, the Chinese, another ally of the North, are also expected to take part. Confirmation of broad Communist participation in the Seoul Games does more than ensure terrific athletic competition — and terrific television. It increases the chances that the odd-man-out in North Korea will not miss up the Olympics by threats or acts of terrorism. If they do engage in disruption, they will have Moscow and Beijing in answer to. The North Koreans, practiced killers who have only lately begun to abandon a hermit's pose, are obviously shaken to find themselves isolated internationally and conspicuously abandoned by their key patrons. But they have left themselves a sliver of maneuver-

The Figures Are Flawed

Financial markets are braced for Friday's report on the November foreign trade deficit — and it is sure to be misleading, once again. Whatever it shows, the dollar figure will be wrong. The Reagan administration's failure to make the trade figures more accurate is irresponsible. Four weeks ago, the startling announcement that the October deficit soared to a record \$17.6 billion sent the stock market down, interest rates up and the dollar to its lowest level in 40 years. The deficit did grow in October, but how much and how significantly are unclear even now. Actually, despite the gross numbers, the physical volume of imports has been slowed; price tags — and thus dollar volume — remain high because of the value of the dollar has dropped so much. Also, exports are rising impressively. All this gets lost, however, in the monthly ritual. One basic flaw in the monthly report is the lack of seasonal adjustment. The Commerce Department stopped adjusting when it became clear that its adjustments were unreliable. With valid adjustment, the October report would have discounted the pre-Christmas increase in imports. A second problem is the erratic nature of trade, especially in oil. Oil imports rise abruptly with price cuts and drop when prices jump. There was also an unpredictable bulge in Japanese automobile imports last fall, to fill 1987 import quotas before year-end. Bad as they are, the monthly reports are better than they were, and the experts are working on improvements. Computers and more careful tabulation have improved accuracy. But problems remain: Statistics for imports are more accurate than for exports, because importers must declare for customs clearance. Checking other countries' customs data could yield a better fix on exports. And there is the irrational law that requires two monthly reports, 48 hours apart, the first, which makes the headlines, inflates imports by counting insurance and freight costs. Combined figures for the most recent three months are more indicative than one month's report. But the best measurements — with seasonal adjustment — come only four times a year, two months after each calendar quarter. That is too long a wait for planners who need good data. Decidedly, the trade deficit is not a sign of economic strength, as President Reagan proclaimed the other day. But just how much weakness the deficit reflects cannot be understood until the data are improved. —THE NEW YORK TIMES.

Other Comment

A Policy of Concessions

The arrangement agreed to in Stockholm this week by the Soviet Union and Sweden, in their 19-year-old dispute over Baltic Sea delimitation, provides further evidence of what appears to be an important characteristic of Soviet foreign policy under Mikhail Gorbachev: The Soviet Union is prepared to make significant concessions in order to clear the decks of irritating disputes that have either been impairing Moscow's relations with its neighbors or sully its reputation in the international community. The desire for better relations — or, more precisely, reduced tensions — lay behind the Kremlin's decision last year to end a long-standing border dispute with China. The Soviet Union accepted Beijing's demand that

the border run down the middle of the Amur and Ussuri rivers and not, as the Russians had previously insisted, along the Chinese bank. With Mr. Gorbachev once again raising the prospect of a Soviet-Chinese summit meeting, it is not hard to detect Moscow's hand behind Vietnam's announcement this week that it may start withdrawing its troops from Cambodia by the end of this year. The pattern that is emerging reinforces the view that Mr. Gorbachev seems to be prepared to subordinate foreign priorities to domestic ones in order to place the economy of the Soviet Union on a more stable keel. As he has observed, his country will not be able to enter the 21st century as a great power unless the internal decay of the last 10 years can be reversed. —The Independent (London).

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Bush, Dole: Conviction Is the Issue

By David S. Broder

WASHINGTON — There is an important issue behind the challenge to Vice President George Bush to disclose his advice to President Reagan on the Iran arms sales. But it is a dangerous issue for Senator Bob Dole to raise. The real issue for both men is whether they have the courage of their convictions. It is an issue for them as the battle for the Republican presidential nomination approaches its first test next month in Iowa, because Mr. Reagan has established a model, at least in the minds of Republican voters, of a president who acts on his beliefs. Arms to the ayatollah notwithstanding, Mr. Reagan is seen by many voters as a man who has stood up for what he believes.

In the contest for his inheritance, it is the trailing candidates who most clearly display this attractive trait. Pierre du Pont and Jack Kemp, though far back in the polls, better reflect Mr. Reagan's readiness to adopt "radical" policy alternatives and sell them to the public. Along with Alexander Haig, they have not hesitated to say plainly where they disagree with existing policies. And Pat Robertson has displayed his mastery of Mr. Reagan's patented technique for turning away angry criticism with ready smiles.

These four men have been unable to exploit their "conviction politics" because of other doubts about their leadership capacity. Their credentials as a former governor of Delaware (Mr. du Pont), a member of the House of Representatives (Mr. Kemp), Richard Nixon's last chief of staff (Mr. Haig) and a former television preacher (Mr. Robertson) do not get them over the threshold of presidential credibility in their first try for the office.

Mr. Bush and Mr. Dole have passed that threshold. Each has run for vice president, and held responsible positions as vice president and Senate Republican leader. Each is now trying to win by suggesting that the other lacks leadership ability.

Those doubts are inherent in Mr. Bush's career, raising questions about his beliefs in critical situations. He has been unsuccessful in gauging the elective offices he sought, failing twice for the Senate



and once for the presidential nomination. But he has risen to higher and higher appointive posts by flattery and serving men in power. Such a career breeds caution, and Mr. Bush, from available evidence, was notably reticent when crucial decisions were being made on arms sales to Iran. The unfolding record shows he was present, and apparently largely silent, at meetings where Secretary of State George Shultz and Secretary of Defense Caspar Weinberger expressed their strong opposition to the president's policy. Mr. Bush has not put the suspicion about his deference and critical judgment to rest. But he has cleverly demonstrated an almost aggressive readiness to challenge his critics on the issue. Mr. Dole has yet to demonstrate such a clear instinct of how to handle his "conviction" problem. It, too, is rooted in his career. For 27 years he has been in Congress, for all but six years in the minority. He has mastered the art of the half loaf, of trading advantageously with those who hold high cards, for whatever he could extract in policy or political

OPINION

Out of Afghanistan: Russia's Biggest Test

By Max Jakobson

HELSINKI — The optimistic statements emanating from Moscow on the prospects of an early withdrawal of Soviet forces from Afghanistan have an obvious tactical purpose. By appearing eager for an early settlement and seeming confident of success, the Kremlin is trying to persuade public opinion that any failure in the upcoming round of UN-sponsored talks will have been caused by foot-dragging on the other side. Nevertheless, we must assume that the Soviet leaders genuinely want a settlement. The crucial question is what consequences a withdrawal of Soviet forces might have, not only in Afghanistan but throughout the Soviet sphere of influence. The fundamental concept of security that has governed Russian foreign policy for centuries is at stake.

In trying to persuade Moscow to accept a nonaligned, non-Communist Afghanistan, the West points to the examples of Finland and Austria. Two Western democracies that pursue a policy of neutrality designed to reassure the Soviet Union. Both have been recognized by Soviet leaders as "good neighbors"; neither poses any threat to Soviet security. By analogy, it is argued, a similar arrangement in Afghanistan should satisfy any legitimate Soviet interests.

If the argument sounds familiar, it is because it is Yalta Revisited. At the end of World War II the West agreed that the Soviet Union was entitled to make sure that neighboring countries would be run by "friendly governments" — in the sense that they would respect Soviet security — but that these governments must be free to elect their peoples. This formula is now being offered as a basis for a settlement in Afghanistan.

Of course, the agreement reached in Yalta, as the Western allies understood it, was never carried out. Stalin exerted total political control of the countries his army had occupied. The only country in which the proposed marriage between Soviet security interests and Western democracy was happily consummated was Finland, where "free and unfettered elections," as prescribed at Yalta, were held in April 1945, within a month of the Big Three conference: the first free elections in war-torn Europe.

The reason this was possible in Finland was not that it had been so decreed in Yalta. Finland was barely mentioned there. The reason Western democracy survived in Finland was

that the Finns had emerged from the war with their political system intact, with no army of occupation on their soil. The policy of neutrality was developed by the Finns themselves. The idea of "Finlandizing" Afghanistan is based on a misunderstanding of what happened in Finland.

The Austrian case has more relevance: The Soviet Union agreed to withdraw its forces of occupation in return for an Austrian pledge of permanent neutrality. But there is an important difference between Austria in 1955 and Afghanistan today — the absence of an ideological element in the Austrian settlement. The occupation had failed to put Communists into power anywhere in Austria. The Soviet withdrawal could be carried out without exposing a local Communist regime to possible destruction. It was not an ideological retreat.

Lessons from the history of Europe seldom apply to conditions in other parts of the world. Afghanistan today is a nation torn not only by years of fighting between the Soviet-backed

The decisive battle is likely to be fought within Kremlin walls.

Communist regime and the mujahidin guerrillas, but by ancient tribal feuds. A negotiated settlement, acceptable to all interested parties both inside and outside of Afghanistan — one that could survive the departure of the Soviet forces — would be a feat with no precedent in international relations since World War II.

The consequences of the American withdrawal from Vietnam must haunt the Soviet negotiators. The moment the American forces had left, the settlement negotiated by Washington and Hanoi fell apart. For the United States, the collapse of its Vietnamese ally was a humiliating loss of prestige. But that is a wound that time can heal. For the Soviet Union, a similar debacle in Afghanistan would lead to something far worse: the emergence of a new enemy on its doorstep. To risk such an outcome would go against the grain of the deeply rooted Russian obsession with security in the borderlands.

In his newly published memoirs "Menschen und Mächte" ("Men and Powers") Helmut Schmidt illustrates this obsession by quoting a 19th-century Russian statesman who said at the time of the Crimean War that "Russia can feel completely secure only when Russian soldiers stand on both sides of her border." This concept of security has often merged with another traditional trend in Russian policy: empire-building in Asia. Its spirit was expressed in the famous remark by Czar Nicholas I: "Where the Russian flag has once been hoisted it must never be lowered."

In the traditional view, the Soviet withdrawal from Austria can be presented as a blunder by Nikita Khrushchev and a warning against concessions in Afghanistan. It fit the fuse that caused the explosion in Hungary a few months later. Similarly, it may be argued, a withdrawal from Afghanistan could lead not only to the destruction of Moscow's allies in Afghanistan but to the unraveling of the Soviet security system in Europe.

Yet the traditional Russian concept of security is beginning to yield diminishing returns. This has been recognized, at least implicitly, by General Secretary Mikhail Gorbachev. He has presented himself as a proponent of the concept of "common security" — that is, security assured by political rather than military means. His declared aim is to establish "stable and predictable" relations with other countries. This goal cannot be achieved so long as the Afghanistan intervention continues to undermine his credibility.

The decisive battle of the Afghanistan war is likely to be fought within Kremlin walls, not between tired oldawks and doves but between modernizers and traditionalists. President John F. Kennedy once said that the line dividing domestic and foreign affairs had become "as indistinct as a line drawn in water." The foreign policy of the Soviet Union cannot be divorced from domestic reform.

In the longer run, Moscow cannot continue to conduct a Stalinist foreign policy while dismantling Stalinism at home. In this sense, Afghanistan may turn out to be a crucial test of Mr. Gorbachev's ability to carry out his grand design.

Mr. Jakobson is a former Finnish ambassador to the United Nations. He contributed this comment to the International Herald Tribune.

Bad News on Deterrence for Those in the Line of Fire

By William Pfaff

LONDON — Disagreement between the United States and the European allies on nuclear policy is deepening, and its cause is widely understood in the United States. This week, in Washington, a blue-ribbon commission on the problems of deterrence recommended to President Ronald Reagan that the American nuclear arsenal be restructured to make it more "usable." Nothing could be worse news to those allies who live in places where these weapons seem most likely actually to be used.

The report was prepared by eminent people under the chairmanship of Fred C. Ikle and Albert Wohlstetter, two puritans of American nuclear doctrine. I deals with many matters, but among its recommendations is that the United States concentrate on small, accurately deliverable weapons, both to deter the Soviet Union and because these weapons are, so the report claims, "politically usable." The report criticizes today's reliance on heavy, long-range ballistic cruise missiles.

Yet last month the United States signed an agreement with the Soviet Union to destroy a whole class of medium-range missiles deployed in Europe. Mr. Reagan and Mikhail Gorbachev promised to go still further when they met again in Moscow this year. Mr. Reagan presses in with his Strategic Defense Initiative, which he insists will lead the world to total nuclear disarmament.

On Europe's side of the Atlantic, people ask: What is going on here? Is the policy of the United States arms limitation or nuclear war fighting? Is SDI a program of defense or an element in advanced nuclear war fighting program? The latter is the way the Ikle-Wohlstetter report treats it, saying that SDI must be "paired" with new long-

range offensive missiles. Mr. Reagan has said that SDI should do away with long-range missiles. Mr. Reagan believes what he believes, and others believe what they believe, and all go on despite one another in today's Washington. The Ikle-Wohlstetter report is an attempt to clarify policy confusion, but it is unlikely to succeed even when Mr. Reagan is gone, because Washington's contradictions reflect the confusion of American public opinion and of Washington's political class.

In Europe, the people who make decisions do know what they want. They think nuclear weapons are fine. They like them the way they are. They like politically unusable nuclear weapons. Those, they say, are the best kind. They think that large and politically unusable nuclear weapons have kept the peace for 40 years, cooled Russian tempers and contained Soviet ambitions, kept the United States from even worse troubles than it managed to get into with conventional weapons in Vietnam, and made Europe secure. They like nuclear weapons as insurance against a Soviet threat that they do not consider urgent enough to justify the money conventional deterrence would cost.

They went along with the recent treaty in order to accommodate President Reagan, but they do not like it. Their objection is not the one stressed in the U.S. debate, that the loss of medium-range missiles removes a link in NATO's "flexible response." The Europeans prefer inflexible responses, considering them more convincing. They dis-

liked the arms agreement because it implied Europe's eventual denuclearization, which they see as opening the door to conventional war — plausible war — and to the forms of political intimidation attached to plausible threats of war.

Western Europe and the United States, on these matters, are headed with mounting speed in opposite directions. The United States wants disarmament and/or strategic invulnerability on the one hand, and nuclear war fighting forces on the other. The West Europeans think that disarmament/invulnerability is unattainable, and that fighting weapons weaker, deterrence by restoring plausibility to the use of nuclear weapons.

As the disagreement is likely to continue, and the United States unlikely to change, the Europeans would seem to have two possibilities for the long term. One is to enhance their already substantial nuclear deterrent forces, creating their own version of a policy of mutual assured destruction, with West Germany involved in some as yet undefined way.

Or else they could look for security, or whatever they are willing to accept as security, in political agreements with Moscow, or in concessions. Some countries may do one thing, some the other. Neither choice is attractive. But unless the Soviet Union undergoes profound change in the next few years (which is not impossible), this would seem to be the prospect. People on both sides of the Atlantic increasingly see both the threat and the means of their security in different ways. That implies that each eventually must assume the responsibilities that accompany an independent view of things.

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More Aid for the Contras, More Pain for the People

By Daniel Ortega Saavedra

The writer is president of Nicaragua.

MANAGUA — The government and people of Nicaragua want peace. There have already been more than 50,000 Nicaraguan casualties in the war financed by the United States. This includes 25,527 dead, the majority of whom are women, children and poor farmers. For a small country with 3.5 million people, this is a staggering figure. The harm to our economy exceeds \$3.5 billion. More United States aid to the contras can only mean more war, more death and destruction — more totally unnecessary and unjustifiable suffering.

During my trip to Washington in November, I discovered that many people were confused or misinformed about the nature and objectives of the Nicaraguan revolution. Let me make yet another effort to help the public, the administration and Congress clearly understand what we stand for. Nicaragua wants a fully democratic political system. One tenet of our revolution is political pluralism, which entails freedom of the press and no restrictions on opposition political activities. Under our revolution, in 1984 the first pluralistic and free elections in Nicaragua's history were held. We will continue to guarantee and increase free and open political debate in the hope that in the next elections even the contras will participate — provided they have become part of the legal civilian opposition by laying down their arms.

The Sandinista party will respect the results of such elections. We are confident we have the support of the majority of Nicaraguans. But if the opposition wins, we will turn over the government to them, with all the powers our constitution specifies. We are prepared to become the loyal opposition if that is what the people decide. As for defense matters, it requires

no military expertise to understand that as long as the contra war continues, along with the threat of a Grenada-style invasion, Nicaragua must maintain an army larger than needed in peacetime, and, more important, a sizable militia. We have never tried to hide this,



BY NARANJO IN EL UNIVERSAL (L.A. TIMES SYNDICATE).

Two months before the State Department unveiled Roger Miranda Benegochea, a defector, in the press, General Humberto Ortega Saavedra, our defense minister, stated publicly that we hoped to have a militia — not an army — of more than 500,000 men

and women, trained to defend themselves and their land against foreign aggression. The people demand these arms to defend themselves. He also said we hoped to acquire interceptor aircraft to protect our airspace from hostile planes, such as those that supply weapons and ammunition to the contras with impunity every day.

What apparently caused concern in the Miranda-State Department declaration was the allegation that Nicaragua intended to build up its army and acquire Soviet jets even after relations with the United States are normalized. This is false. If we receive sufficient security guarantees from Washington, we will not maintain a large army or obtain unnecessary armaments. Indeed, the Defense Ministry's draft proposal stolen by Mr. Miranda and made public calls for a reduction in the size of our army over the next seven years.

If, through direct talks, Nicaragua receives sufficient security guarantees from the United States, we are prepared, in the context of regional agreements, to take four steps. We would: • Establish limits on our army and on armaments, with a mutual ban on all offensive weapons. • Dispense with any foreign military advisers and prohibit the stationing of foreign troops in the region. • Prohibit the establishment of foreign military bases on our soil. • Actively prevent the use of our territory to threaten or subvert any country in the region, as has already been agreed to by the five Central American presidents in Guatemala.

The Reagan administration has demonstrated a total lack of respon-

siveness to Nicaragua's repeated initiatives for a peaceful, negotiated resolution of our differences. There is on need to "pressure" Nicaragua to move toward peace. The administration itself could benefit from pressure. Further aid to the contras only stiffens its resolve not to negotiate with Nicaragua. On the other hand, ending aid to the contras would compel the administration to respect the Guatemala accords and to seek in earnest a negotiated solution with Nicaragua. Such a solution is imminently obtainable. The New York Times.

100, 75 AND 50 YEARS AGO

1888: Untimely Soaked

BERLIN — German theatre-goers are safe from fire, but not water. At Bonn recently the audience, in the middle of an opera, was drenched owing to an error of the man who controlled the emergency fire sprinklers. The unlucky singers at Münster during a rehearsal. In this case the flood was so sudden and so deep that Frau Joachim and the singers were forced to stand upon chairs until rescued. There have been nearly a dozen such unexpected floods in Germany.

1913: British Enter Tibet

PEKING — Urgent telegrams have been received here announcing the entrance of British troops in Tibet, and reporting that the Dalai Lama has authorized four delegates to negotiate a treaty with the object of obtaining British protection in return for special advantages. China is (seeking) a declaration of the inten-

tions of the British Government. NEW YORK — Despatches from Washington emphasize the fact that the acceptance by China of the terms offered by the six Great Powers for the \$125 million loan will hasten the recognition of the Chinese Republic.

1938: Bible May Err

LONDON — Fifteen years after they started their discussions of doctrine in the Church of England, twenty leaders of Britain's state religion today [Jan. 14] produced a 242-page report of their deliberations, which denied that the Bible was free from error, doubted the conclusiveness of evidence of the virgin birth, and indicated official church belief that the creation, as told in Genesis, has a value "symbolical rather than historical." The report holds that the Bible is "the Word of God," but that all its parts are not spiritually on the same level, and its authority cannot preclude future judgments of critical and scientific investigation.

From A Mo

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OPINION

From a Palestinian Comes A Moderate Voice of Hope

By Anthony Lewis

JERUSALEM — In 20 years of occupation there have been waves of Palestinian protest, but none nearly so intense or extended. Gaza has been in turmoil for more than a month now. The shops in the West Bank and East Jerusalem have been closed for days. And the protest goes on despite successive Israeli measures: deportations, arrests, detentions, more than 30 Palestinians killed.

But where can the protest lead politically? I put the question to a leading Palestinian intellectual, Sari Nusseibeh. A professor of philosophy at Bir Zeit University in the West Bank, he is known to many Israelis and is usually characterized as a moderate, a centrist.

Mr. Nusseibeh said he foresaw more violence on both sides if what he called "a process of civil rebellion" built up. He would not be Gandhian, he said. He mentioned in that regard the killing of a young Palestinian on Monday by a Jewish soldier in the West Bank.

He indicated, however, that his own choice for Palestinians is the most effective means to a political end, would be nonviolent civil disobedience. He spoke of a number of possible "means to disengage from the Israeli system."



future negotiations he could take some immediate steps to alleviate pressures on people in the occupied territories — release prisoners, for example; cancel deportations orders. And if I were advising the PLO, I would urge them to prepare a bold Palestinian peace program to present to the Israeli man in the street.



We do not wish to destroy your state, but we want our own state alongside. "It's no good to have just an uprising — to have war, if you will. It is necessary to have an alternative, the peace option."

Something Needs to Be Done About the Quality of Dying

By Judith Paterson

WASHINGTON — My father's mother, who worked as a nurse in a public sanatorium in her youth, called pneumonia "the old man's friend."

My mother's mother suffered for a few months with a cancer that was considered untreatable in the late 1940s, before dying of heart failure at 80. Both of my grandmothers died after brief illnesses, one from influenza and the other from peritonitis caused by a ruptured appendix.

When my father began dying of lung cancer in 1980, he was a vigorous 68, still working full time in the wholesale florist business that had supported his family for three generations, still driving to the west coast of Mexico every summer for a vacation.

The Institute of Veterinary Medicine in Berlin, a collaborating center for WHO and the Food and Agriculture Organization, worked three to four years on this subject. The meeting in 1985 was the culmination of this study. Representatives of industry and food control groups, animal protectionists from various parts of the world and members of Islamic countries discussed the essential rules with Muslim jurists and scholars.

Ms. Paterson is a writer and teaches Journalism at the University of Maryland. She contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

They Also Serve Who Wait

When reading your front-page report on "Returning Students Adrift in China" (Dec. 28), I could not help wondering, "What's so newsworthy about that?"

I remember well my first two years after finishing graduate education: I waited tables at a Mexican restaurant. I was a very few people make optimal use of their education immediately after graduation. For many, the wait takes years.

As for future problems, there is the growing issue of ensuring that what the students learn matches what China needs. China does not need too many Ph.D.s in laser physics, for instance.

Miscellaneous

Regarding "For U.S. Actor, Biko Is a Fulfilling Role" (Dec. 29) by Terry Truico: It is strange that Sir Richard Attenborough's film "Cry Freedom" was shot in Zimbabwe, a country that has become a one-party state since the election of President Robert Mugabe.

Mr. Hart has now done the wrong thing. The campaign will now focus on his morals, and his presence will demean the other candidates, and could well ensure a Republican victory.

The report "Battle Shapes Up for Top UN Health Post" (Dec. 18) mentions a meeting in 1985 on Islamic requirements for foods of animal origin as an example of the use of World Health Organization resources to convey religious messages.

We worked for Gary Hart's nomination in 1984. When he withdrew from the current presidential race in May, he did the right thing. Otherwise the result would have turned on Mr. Hart's credibility, not the issues.

For an End to the Gulf War

F. Mobebe's letter to the editor (Dec. 18) reflects the genuine desire of the suffering people of Iran to see an immediate end to the disastrous Iraq-Iran war. Iranians who live outside their country and who reject United Nations Resolution 598 on nationalistic grounds are not aware of the realities of Iran.

Now that the Soviet Union is giving favorable signals to UN peace efforts, an arms embargo against Iran has become a possibility. If Resolution 598 is rejected by that country, Iraq would then have carte blanche to strengthen its military machine, resulting in more disasters for the Iranian people.

It is time for all Iranians whose voices can be heard in the free world to unite behind the secretary-general of the United Nations and support his efforts in enforcing Resolution 598.

Do the Right Thing, Gary

GENERAL NEWS

France Gives Warning to Iran Dissidents

By Joseph Fitchett

PARIS — The French government, politically embarrassed by having to readmit Iranian dissidents whose expulsion last month touched off an international outcry, maintained Thursday that they would be deported again if they violated rules on asylum.

Prime Minister Jacques Chirac said on television Thursday night that the agreement providing for their return included a pledge to refrain from political activity against Iran from French territory.

As seven Iranians left Gabon for France, the People's Mujahidin Organization, which had organized hunger strikes and protests against the ouster, said the French government had been forced to reverse "a dirty deal" with Iran.

In exchange for Iranian help in obtaining the release in December of two French hostages in Lebanon, France apparently agreed to banish some mujahidin and other opponents of Ayatollah Ruhollah Khomeini.

Mr. Chirac denied any such deal, but said French restrictions on mujahidin activities in France were essential to prevent any resumption of the terrorist bombings that shook Paris in 1986. Responsibility for those bombings was widely assigned to Iran.

Eight other Iranians and Turkish Kurds also went to temporary asylum in Spain. Meanwhile, in a separate development, French courts suspended 10 of the expulsion orders for procedural reasons.

In rescinding its deportation orders against the 15 dissidents, France acted "for humanitarian reasons," officials said, citing their deteriorating physical condition after 37 days on hunger strike. "If a couple of them had died," an official said, "we would have been in an intolerable position."

Mr. Chirac said earlier this week that "there could be no question of reconsidering the expulsion orders."

The French decision will be welcomed by the foreign governments, including the United States and Britain, that had called for the dissidents to be allowed to return.

In private comments, Western diplomats expressed satisfaction at the discontinuity of French officials, notably Interior Minister Charles Pasqua, whom they view as too inclined to make hostage deals with Iran.

Domestically, the French policy reversal seemed likely to reinforce criticism of Mr. Chirac as an over-impulsive leader. But opposition criticism was publicly muted, with the Socialist Party leader, Lionel Jospin, saying only that the government "gave in to public pressure."

Socialist criticism of the expulsion order focused on France's traditions of political asylum, not on the question of political deals with Iran.

Their expulsion had been ordered by Mr. Pasqua, whose subordinates directly negotiated the French hostages' release in talks with Iranian and other intermediaries in the Middle East.

In rounding up and expelling mujahidin and their supporters, the French police arrested some Iranians, notably two young women, who had no record of being implicated in anti-Khomeini violence.

Thatcher Urges Closer NATO Links

By Karen DeYoung

WASHINGTON Post Service LONDON — Prime Minister Margaret Thatcher has called on France and Spain to increase their level of military cooperation with the North Atlantic Treaty Organization.

In a speech Wednesday to the Foreign Press Association in London, Mrs. Thatcher expressed the hope "that those NATO members who are not part of NATO's integrated military structure will extend their military cooperation" with the NATO alliance.

The definition applies only to France and Spain, neither of which coordinates its military planning with NATO nor has committed its troops to a NATO command.

Mrs. Thatcher made specific reference to France, which withdrew from the NATO integrated structure in 1966 but has recently sought to strengthen its military relationships with West Germany and Britain.

Such arrangements are "useful," Mrs. Thatcher said, provided that the "clear and demonstrable effect is to strengthen NATO, and not to erode or undermine its unity."

Mrs. Thatcher, who considers herself a trans-Atlantic bridge between the United States and the rest of NATO in Europe, recently rejected a French suggestion to coordinate the targeting of French and British independent nuclear weapons, officials in London said.

Although Britain reserves the ultimate right to use its own nuclear forces when and where it sees fit in a national emergency, its weapons are also committed to coordinated NATO targeting, France, on the other hand, considers all matters pertaining to its nuclear deterrent to be secret and separate from NATO.

Spain was not mentioned by name. But Mrs. Thatcher's plural reference was seen to refer equally to Madrid, which is locked in a dispute with the United States over the continued basing of 72 U.S. jet fighters on Spanish territory.

NATO Meeting Planned NATO is planning a meeting of its 16 heads of government to demonstrate the alliance's political solidarity before President Ronald Reagan visits Moscow later this year, Reuters reported Thursday from Brussels.

Alliance diplomats and officials said the 16 leaders would assemble in March or April at NATO headquarters in Brussels for their third summit meeting in six years.

Flu Outbreak Hits Moscow The Associated Press MOSCOW — An outbreak of influenza has hit the Soviet capital, sending at least 13,000 Muscovites to their beds every day, Tass said Wednesday.

EUROPEAN TOPICS

REMINDER OF PARIS-BONN LINK

Konrad Adenauer of West Germany and Charles de Gaulle of France are featured on this postage stamp jointly produced by the two countries to commemorate the signing on Jan. 22, 1963, of the treaty providing for coordination of policies in foreign affairs, defense, information and cultural affairs. This is the French version of the stamp.

Danes Ask Damages From U.S. Air Force

Danish workers who cleaned up after the crash of a U.S. B-52 bomber carrying nuclear warheads in Greenland 20 years ago are filing damage claims against the U.S. Air Force for illnesses that they contend are related to radiation poisoning.

On Jan. 21, 1968, a B-52 carrying four hydrogen bombs crashed near the U.S. Air Base at Thule, in northwest Greenland. Workers there removed hundreds of tons of ice and snow contaminated by nuclear radiation from the bombs, whose casings were broken in the crash.

The U.S. Defense Department has declined to supply information about the crash, including health data, saying it is top secret. Mr. Roisman said reports by Danish health authorities indicated a significant increase in cases of respiratory diseases, blood and skin cancers and deaths among the people who worked on the clean-up.

Birth defects and sterility also have been reported. He said a new Danish health study, expected within a few months, is likely to give further evidence of exposure to radiation and toxic substances.

UN War Crimes List Prompts Bonn Move

West Germany's Central Office for the Prosecution of Nazi War Crimes has sent regional prosecutors the names of 4,500 war crimes suspects that came to light as a result of the decision by the United Nations to release its files on suspected Nazi criminals, according to Alfred Streim, the director of the government-financed office.

Last year, Mr. Streim's office in Ludwigsburg received from the United Nations the names of 30,000 Germans suspected of having been involved in World War II crimes. The 4,500 names sent to prosecutors are from the 17,000 UN cases examined so far. The other 12,500 names turned out to be those of people who were dead or had already been prosecuted, or for whom the statute of limitations had run out.

Around Europe

Over widespread protests, the Dublin city council has approved the construction of a four-lane highway, costing 2 million Irish pounds (\$3.2 million), that will cut through the Liberties, the most ancient quarter of the Irish capital, and pass close to St. Patrick's Cathedral, an imposing Protestant church dating from the 12th century.

The U.S. Embassy in London has scheduled lunch-time and after-office hours for U.S. citizens living in Britain who wish to vote in the presidential and/or state primaries. In order to reduce waiting times during normal office hours, the embassy's American Citizen Services Office will be open to voters from 1 to 2 P.M. on Feb. 4 and 18, March 3 and 23, April 8 and 21, and May 11 and 23. It will also be open from 5 to 7 P.M. on Feb. 1, March 1 and 21, April 20, and May 9 and 26.

British Political Center Is in Disarray

By Barry James

The collapse of merger negotiations between the Liberal and Social Democratic parties threw the center of the British political spectrum into confusion Thursday.

The leaders of both parties were consulting grass-roots activists and were scheduled to reconvene Monday to see if there was any point in continuing the negotiations. Both parties are to hold special assemblies on the issue later this month.

But David Steel, the Liberal leader, said he could not see a way forward after the other 16 Liberals in the House of Commons rejected a joint policy statement that he had drawn up with the Social Democratic leader, Robert Maclennan, as being too right-wing.

The debacle could end Mr. Steel's leadership of the Liberal Party, which has a centuries-old history and which still is a major force in local British politics despite its slim presence in the 630-member House of Commons.

"I think he will go," said Tony Greaves, a Liberal Party activist. "Rather than looking for new political tricks, new faces may be beneficial."

Liberals accused Mr. Steel of allowing the tail to wag the dog in making key concessions to the Social Democrats on defense, finance and social policies.

The Social Democratic Party was formed in 1981 by moderate Socialists who broke away from the Labor Party because of its slide toward the extreme left.

British Political Center Is in Disarray

Despite Dr. Owen's warning and rumblings of discontent from the grass roots of the Liberal Party, Mr. Steel went ahead with the merger talks.

At the end of the talks Wednesday, it was proposed that the parties would become a single group known as the Social and Liberal Democrats and adopt a common 6,000-word policy statement.

When the statement was made public, it was immediately rejected by the Liberal Party members of Parliament and leading party officials.

The party's president-elect, Michael Meadowcroft, called the policy statement "so liberal that we may well now have a leadership crisis rather than a merger crisis."

Liberal leaders accused Mr. Steel of failing to consult his colleagues or of paying enough attention to detail during the talks, which he acknowledged.

The failure of the negotiations also raised questions about Mr. Maclennan's future and could open the way for Dr. Owen to resume leadership of Social Democrats.

Liberals objected to several key provisions of the policy statement, notably including a commitment to support deployment of U.S.-built submarine-launched Trident missiles, to continue building nuclear power stations, to abolish taxation relief on house mortgages and to extend value added tax to food, children's clothing, domestic fuel and newspapers in line with other European Community countries.

TRAVEL

- An Architect's Dream
- Hong Kong's Urban Showcase
- Wine Outlook for '87

January 15, 1988

International Herald Tribune

TRAVELER'S CHOICE

Cycling in a Southern Climate

■ If winter threatens to bring bicycling to a halt at home, enthusiasts can spin off to join one of the guided cycling trips offered during the northern winter in various parts of the world. Backroads Bicycle Touring (Post Office Box 1626, San Leandro, California 94577) offers two interesting expeditions: to Bali, a 12-day, \$1,295 trip departing from Los Angeles March 6, which begins at the Bali Hilton, then pedals into the countryside to temples such as Pura Taman Ayun and Pura Madraha Karang. Later, such as Bratan and Batur, over mountain passes and down to black sand beaches; to Tasmania, a 12-day, \$1,195 jaunt leaving Feb. 11. In New Zealand, the Vermont Bicycle Touring (Post Office Box 711, Bristol, Vermont) offers a 21-day trip that covers rolling countryside and the southern Alps. The price: \$1,895. Cycle Tours (2007 39th Street, Des Moines, Iowa 50310) offers a 16-day, \$1,365 trip to the west coast of North Island, leaving Jan. 25 or Feb. 8. All prices are exclusive of air fares.

Baby Carriages on Spanish Trains

■ The Spanish national railway system, Renfe, has set up playrooms for toddlers, complete with child care staff, on several trains running between major cities. Each train has a special compartment converted into a playroom equipped with small sofas, a slide, toys, stuffed animals and games. The children can be in the playroom the whole length of the trip. The service, which is free, is available to parents with children under 4 on express trains between Madrid and Cadiz, Madrid and Barcelona, Madrid and Alicante and the run from Barcelona to Seville and on to Malaga. Those trips range from six to nine hours.

In Search of a Real Winter



■ For those who want to embrace rather than escape winter, dog sledding, snowshoe trekking, igloo-making and cross-country skiing are available in the United States and Europe. Cross-country skiing in a big-time race in Finland is open to novices, who can enter the 15th annual Finlandia Cross-Country Ski Race, to be run Feb. 28. The 27-mile event starts on a frozen lake near the town of Hammenlinna and ends in Lahen, about 70 miles north of Helsinki. Entry for the event costs \$70. Snowshoe trekking in Switzerland (snow permitting) led by a guide named Fredy Schwab goes across the slopes of the Franches Montagnes range in the Jura. His tours include 5 1/2 days of trekking on snowshoes, with a dog-sled carrying equipment. Schwab also offers separate trips of four or five days that include lessons on how to build and survive in igloos. The cost is \$560 for snowshoeing and \$320 for the igloo trips. For information contact Abenteuer-Reisen Schwab, 8132 Egg, Switzerland; tel: 984-0966. Dog-sledding in the northeast is offered by Konari Outfitters of Vergennes, Vermont, which runs daylong and overnight dog-sledding and cross-country ski trips in Vermont, upstate New York or Maine. The overnight trips range from three to five days. The cost of a day trip is \$85. Overnight trips run from \$395 to \$325. Contact Rural Delivery 1, Post Office Box 441B, Vergennes, Vermont 05491; tel: (802) 759-2100.

Kremlin Churches Restored

■ Three churches at the Kremlin have been restored as part of a project to give Moscow a face lift by the end of the century, according to the Soviet press agency Tass. The cathedrals of the Assumption, the Annunciation and the Archangel Michael inside the Kremlin have been given a fresh look by renovators from a state-run company, Soyuzrestavratsiya. Completion of the renovations was timed to coincide with the 1,000th anniversary this year of the arrival of Christianity in Russia. The director of the restoration company, Alexander Lesovoy, said that more than \$1.5 billion would be allocated for overhauling Moscow's architectural monuments and landmarks by the year 2000. Many Muscovites have called recently for better conservation of their city's historical monuments and have objected to some construction projects that would harm existing buildings. This year restoration will begin on buildings of the Lenin Library and a mission that belonged to the 17th-century millionaire Savva Morozov, who made contributions to the Bolsheviks. The Bolshoi Theater, too, will close this spring for restoration. The opera and ballet will perform elsewhere until work is completed, which is expected to take at least two years.

Me and You and the Dog Came Too

■ The dog may be man's best friend, but have you ever tried to book yourself and your best friend into a hotel? Robert and Dawn Hildago have, at places all over New England. And they have compiled the results into "Traveling With Man's Best Friend," a 280-page guide to hundreds of inns, hotels, motels, bed-and-breakfasts and resorts that welcome pets. The book, which costs \$10.95, is the second in a series. The first book covered California and an updated version is planned. Each is available from the publishers, Dawber Press, Post Office Box 2758, Duxbury, Massachusetts 02331.

Celebrating a Viking Invasion

■ In days of old the sighting of a Viking longboat off the coast of England was cause for panic and a call to arms. Now the city of York, which used to have to fight off the invaders, celebrates the coming of the Norsemen with a festival. With a fireworks display from Clifford's Tower in the heart of York, the fourth annual Jorvik Viking Festival begins a month-long party on Jan. 30. Sprinkled about the program are such events as races of long ships, sword fights in the streets, concerts, dramas, feasts, a torchlit procession and, as a finale, a boat burning on the River Ouse.

Arts at the Winter Olympics

■ The Winter Olympics in Calgary, Alberta, from Feb. 13 to 28, won't be all ski jumps and bobsledding. An Olympics Arts Festival will be held in Calgary Jan. 23 to Feb. 28, with more than 600 performances and exhibitions. "La Tragedie de Carmen," produced by Peter Brook, will be performed at the University Theater from Feb. 17 to 23, and the Shaw Festival will present "You Never Can Tell" at the Max Bell Theater from Feb. 23 to 27. The opening night gala will present the Calgary Philharmonic playing a newly commissioned work and the Canadian-born pianist Oscar Peterson playing his own composition, "Olympic Jazz Suite." The Julliard String Quartet will perform at the Jack Singer Concert Hall on Feb. 1. Other events include an Olympic Film Festival, Feb. 5 to 11, and works by the Joffrey Ballet, the National Ballet of Canada and Les Grands Ballets Canadiens.

Kilimanjaro, Three Miles Into Sky

by Donald Stroetzel

IT is two and a half hours after midnight, Tanzanian time. In the light of the full moon lighting our climb, we can look down on the lofty peaks of Kenya's mountains poking up through layered clouds in the far distance. We are more than three miles into the sky, almost as high as jet liners cruise, and higher at that moment than any of the millions of people on the African continent. Perhaps somewhere in Switzerland a mountaineer is climbing Mont Blanc or the Matterhorn. But even he or she will be no higher than we, working our way up 19,324-foot Mount Kilimanjaro. It is Africa's highest peak, and we have never climbed a mountain before.

Scaling the jagged Mawenzi, the lower of Kilimanjaro's twin peaks, is a risky technical climb that, the week before, had claimed the life of a young Austrian. But ascending the rounded higher peak, Kibo, requires no knowledge of mountaineering, no special gear. Each year hundreds of people tackle this mountain via the gentle Marangu trail. A 50-mile walk up and back, it is nowhere steeper than San Francisco's Nob Hill. "The summit can be reached by any reasonably fit person who enjoys walking," says one guidebook. By "anyone under 70 with good lungs, fit enough to walk 12 miles a day," says another. Even cautious Abercrombie & Kent, one of the companies offering the Kilimanjaro climb as a safari add-on, insists only that you see your doctor before signing up to ascertain your tolerance for exercise in thin air.

My wife and I are two no-longer-young Connecticut suburbanites who play a little tennis, walk, and bike sporadically. We love adventure, but we also want odds against mishap to be at least 1,000 to 1. We found ourselves pulled irresistibly to the prospect of actually scaling the mountain that had so fascinated Ernest Hemingway. "And there, ahead," he had written, "... as wide as all the world, great, high, and unbelievably white in the sun, was the square top of Kilimanjaro." When the Swiss missionary Johann Reimann reported in 1848 seeing a "beautiful snow mountain" 180 miles inland from the Indian Ocean, members of Britain's Royal Geographical Society guffawed. How could there possibly be snow, three degrees south of the Equator? The local Chagga tribe believed evil spirits would kill anyone who tried to scale it. But in 1889, a German geologist, Hans Meyer, made it to the sulfur-leaking volcanic crater and glistening glaciers atop Kilimanjaro's Kibo peak.

And now we would follow in his footsteps.

On our doctor's insistence, we each took and passed electrocardiograph tests (striding uphill on a treadmill) to satisfy him that our hearts could withstand the stress of diminished oxygen in Kilimanjaro's upper reaches.

SIGNING for a seven-day Kilimanjaro climb added \$768 apiece to the cost of our Kenya-Tanzania safari. For the first and last days the package included meals and room with bath at the Kibo Hotel, near the entrance gate at Kilimanjaro National Park, where the climb begins at about 6,100 feet. For the trek itself (3 1/2 days up, 1 1/2 down), we were to get hearty meals cooked over wood fires plus huts in trailside A-frame huts on which to lay our sleeping bags. To cut firewood, do the cooking, take provisions and clothing and keep us going with words of encouragement, our deal included the exclusive services of two guides and three porters.

Our great adventure began with a bumpy, half-day Land-Rover ride from the Kenya game preserve of Amboseli. A tented camp or lodge at Amboseli is a great departure point, for it affords excellent opportunities to photograph Kilimanjaro with elephants, giraffes or your spouse in the foreground. Alternatively, one can fly directly to Kilimanjaro International Airport, a 40-minute drive from your base-camp hotel. There are two flights weekly



Abesaid, a guide of Kilimanjaro National Park, leads a group of climbers up the mountain.

from Nairobi, Kenya, and two daily from Tanzania's capital, Dar es Salaam. Less frequently, European carriers fly in directly or connect with Ethiopian Airline flights at Addis Ababa.

Your starting place for the climb is either the Marango or Kibo Hotel, set amid mango and banana trees at the southern base of the mountain. The Kibo, where we stayed, had the look of a large Alpine pension weathered by the tropics.

Posted in each room is a notice from the Kilimanjaro National Park. Don't be alarmed, it says, if you get some headaches, nausea and vomiting at high altitudes. They're normal. But beware of the infrequent but potentially fatal pulmonary edema that comes from too much exercise in thin air. The symptoms: dry cough and bloodstained sputum; racing chest noises; lips, nose, tongue and ears turning blue.

The bulletin's advice: "Walk at a steady pace, stick to the recommended climbing schedule, drink four to six liters of water daily, do not weaken yourself by carrying for weaker members of the party."

mitten for up high. (The hotel rents sleeping bags and hikers' poles.)

NEXT morning we were awakened by the bell for 6:30 Mass at the little Roman Catholic church across the dirt road from the hotel. Just after breakfast we met the five young Chaggas who would shepherd us. "Jambo, jambo, jambo, papa," said Likiki, our chief guide, using the Swahili word for welcome. In his early 20s, a short, wiry veteran of more than 100 climbs, he wore a jaunty beret and carried a battery-powered transistor radio that would have delighted any New York subway noise polluter. In very passable English, he introduced Millard, our assistant guide, and the three porters who would carry provisions and clothing on their heads in great red duffel bags that were supposed to weigh no more than 30 pounds but often did.

"We look after you very good," Likiki said. "Just be sure you go pole, pole." Pronounced polei, it means slowly in Swahili. It was to be our marching song, our edge on youth, our alibi for taking hours more than the norm on each day of the climb, for the slower the pace the easier the altitude adjustment.

We lunched that first day on beef sandwiches, hard-boiled eggs and bananas, while sitting astride giant roots overhanging a tumbling waterfall. A trailside sign told us we were an hour and a half from Mandara but, our stopover for the night. We took a more relaxed two hours.

Mandara, at 8,493 feet, is actually not

one but a cluster: a rustic A-frame chalet with sawhorse-supported dining tables, surrounded by 8-by-8-foot A-frames where you sleep on double-decker wooden bunks carved with graffiti like "Hans, Elena, and Frank, 8/3/86." (Expect to be assigned roommates if any of the 40 bunks are empty.) There were perhaps 40 climbers at tea and later at dinner, about half of them members of a Zurich hiking club.

We awoke to a beautiful crisp morning and stood in line to brush our teeth in an outside sink fed by water from a mountain stream.

It was hard to go anything but slowly over the next half-hour of climbing, steeper than earlier. The great roots and vines served as grippers for pulling ourselves upward. Then, suddenly, where the altitude could no longer support rain forest, we were in gently rising moorland dotted with giant heather trees up to 30 feet tall. Violets, the delicate orange-red *Impatiens kilimanjari* and other wildflowers filled the spaces between the great clumps of grass that became our stepping stones. Just ahead loomed jagged Mawenzi, its brown rounded top under the sun's rays. Still miles beyond, topping the upward-sloping plateau we would be climbing was Kibo, with its skullcap of snow. Would we make it to

Gilman's Point at 18,640 feet, which can honestly be described as reaching Kibo's top? Or perhaps even walk up another 700 feet over glaciers to look down the volcano's mouth, at Uhuru peak? About three quarters of the climbers make it to the top, we had heard. But from those we met, it was a very fit majority, mostly veteran alpine hikers, not your run-of-Central-Park Sunday strollers.

At about 11,000 feet we were beginning to feel the altitude. Breathing took more effort. Walking along, recounting our impressions on the tape recorder, we sounded out-of-breath on the playback.

THE recommended time to Horombo hut is five hours. We took seven. At 12,405 feet, roughly the altitude of La Paz, Bolivia, the highest large city in the world, we camped for the night. Cold in our sleeping bags, we got up to put on warmups over our pajamas. We slept fitfully, again, part of the altitude adjustment.

There was ice on the fringes of the stream that morning, and the ground was frozen hard. Starting out on our eight-mile hike to Kibo hut, we encountered lobelias and groundsel grown to giant toughness to cope with Kilimanjaro's stresses. At times, winding our way over hillsides,

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Teotitlán, Mexico: Town of 5,000 Weavers

by Betty Freudenheim

THE cacti, dwarf trees and small farm plots that dot the vast plateau of the Mexican state of Oaxaca create subtle harmonies of green and ochre right up to the jagged gray profile of the Sierra Madre. As the Pan American Highway traces an unswerving black line across this high plain, a blue signpost overhead indicates, by a pattern of white lines symbolizing interwoven threads, the turnoff for Teotitlán del Valle. The name means "God-place of the Valley," but it is locally known as the town of 5,000 weavers.

For centuries in Teotitlán and throughout the region, lessons in weaving and spinning have been a part of childhood. In the nearby village of Santo Tomás, women and children make belts and small purses; their shuffles form intricate patterns on simple backstrap looms, consisting of warp threads tied to trees at one end and, at the other, around the waist of the weaver. In Oaxaca, weavers produce brightly colored tablecloths and bedspreads on broad wooden looms. The shawls with knotted fringes, called rebosos, that are woven in the country as head pads on which women balance loads of all kinds, as when they take vegetables to market. Teotitlán's reputation once rested on its traditional woolen scarves, handwoven by men; today the men weave rugs for tourists and export while the women do the spinning.

Teotitlán's main street, Avenida Juárez, will awaken any driver who has been mesmerized by the monotony of the asphalt highway. The rock-studded dirt road twists like a dry river bed as it ascends the hillside. Behind high adobe walls with large wooden gates are the weavers' homes.

A first stop at Hidalgo, a covered out-

door weaving market (open from 10 to 5 daily), provides an overview of the work produced by local artisans. Dozens of rugs hang from the bare wooden beams; others are stacked on tables or folded on the floor. The interplay of brilliantly colored yarns creates a fiesta atmosphere.

It is appropriate that these rugs are displayed as wall hangings rather than walked on. As in Renaissance tapestries, the woven designs are often re-creations

of famous works of art. In some there is a strong influence of the heritage of the region. Tourists who have visited the nearby 2,000-year-old ruins of the palace at Mitla will recognize the dramatic stone facade's geometric motifs woven in red and black yarns. Other weavers have re-created the codices or carvings of Yucatan, which serve as illustrated histories of pre-Hispanic Mexico.

Artisans striving for a more popular

appeal have borrowed from modern art. Copies of Matisse's blue paper cutouts are ubiquitous, although the figures differ slightly with each translation into yarn. Versions of Joan Miro's paintings in primary hues hang nearby. There are also variations on M.C. Escher's rows of fish profiles that metamorphose into stylized birds and then back to fish. Rugs with multicolored stripes might have been inspired by the American minimal-

ist painter Kenneth Noland — or be by them.

One basic characteristic distinguishes these European tapestries. In traditional, European-style work, the back of the tapestry is covered with rivulets of loose thread ends, left hanging after each yarn change. The serape convention prevails: Every new thread is woven in to the cloth. As a result, one side is the mirror image of the other, so the weaving can be reversed.

Prices vary according to size and the complexity of the design. Simple 3-by-5-foot rugs (about 90 by 150 centimeters) may cost less than \$20. A more intricate pattern of the same size, requiring 15 or more days of work, might cost \$100. Immense, room-size works of art that occupy a weaver for two to three months will probably cost more than \$1,000. Prices for small rugs, especially those sold at the weekly markets of villages around Teotitlán, are negotiable. Roberta French, the U.S. consul in Oaxaca, who is also a weaver, advises shoppers not to worry about making an offer that is too low. "You never pay too little," she said. "They know what the bottom price is."

For those who want to see the work in progress, a knock at almost any gate in town should gain admission to weavers' homes. From the central courtyard — the hub of activity in every home — open doorways provide partial views of looms, spinning wheels, dye pots and cooking. The sounds of chickens, radio music and chatting voices are hushed as the visitor enters. But the rhythmic counterpoint of the looms continues in the background.

In the courtyard, several generations of women, grouped together, card fleeces to untangle the fibers or spin yarn on large wheels. One area is set apart for dyeing.



The tapestries of the weaver Isaac Vásquez.

Continued on page 9

lants, Death
Immediately. No legislation...
Navy Plane
Soviet Jet
Collide
Washington Post Service
WASHINGTON — A U.S. surveillance plane and a Soviet...
REAL ESTATE
TO RENT/SHARE
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TRAVEL

THE FREQUENT TRAVELER

'Maxing Out' on Jargon: A Guide to What It Means

by Roger Collis

WHEN it comes to jargon, the world of travel can more than hold its own in the blitz of neologisms, euphemisms and acronyms from the big league players in business and bureaucracy. According to Stanley Zlich, director of semantics at Blue Skies Research Institute in Broken Springs, Colorado, "Travelspeak is now recognized as a legitimate force in bizspeak. Along with computerspeak it has become a seminal influence among jargon junkies everywhere."

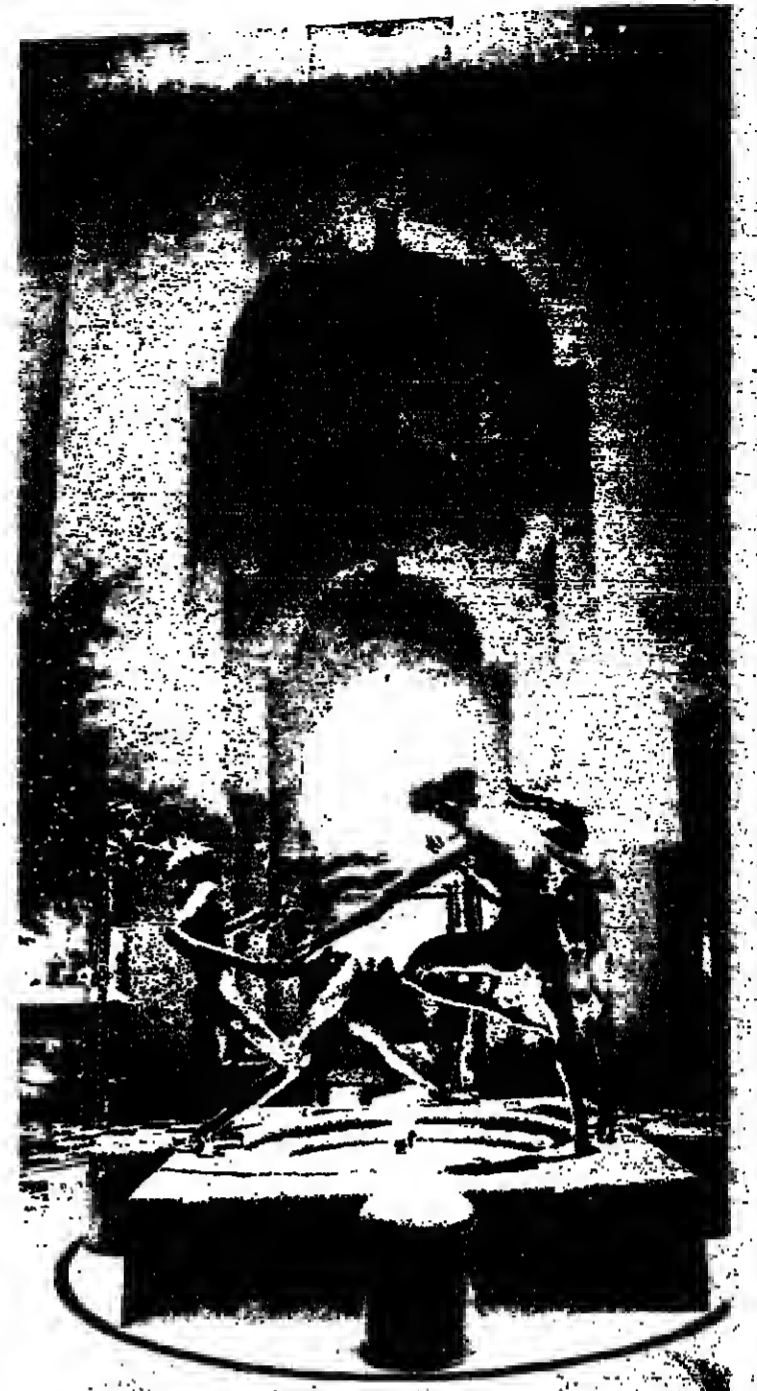
An Architect's Dream in San Francisco

by Paul Goldberger

JOHN PORTMAN is perhaps the best-known hotel architect in the world. His Hyatt Regency in Atlanta, completed in 1967, was the first postwar hotel with a central atrium, and it changed the nature of hotels everywhere, replacing the banal boxes of the Hiltons and Sheratons with the Portman trademarks of vast atrium spaces, fountains and glass-enclosed elevators.

of arches is the most disappointing part of the design — Portman was trying to evolve out of these arches piled upon arches a kind of contemporary classicism, but the result, unfortunately, manages to look both fussy and clunky at the same time. Given that most people spend a lot more time in their hotel rooms than out on the sidewalk contemplating the facade, however, the fact that the rooms are more graceful than the overall architecture is a better state of affairs than if it were the other way around.

not returned by his replacement on the morning shift, and until they were found 20 minutes after my phone call, I contemplated whether I would rather be late for a meeting or head for the financial district in my socks. But many other requests were handled graciously and rapidly. The valets who served the floor were courteous and unobtrusive, respectful of guests' privacy and yet quick to respond whenever one pushed the call button in the room. The valets keep out of sight unless called.



The atrium's sculpture is "Joie de Dance" by Elbert Weinberg.

commercial hotels, and brought down to a human scale that is absent in Portman's gargantuan projects such as the Marriott Marquis in New York. By now the idea of the atrium has become so intimately connected with huge convention hotels like the Marriott and others that it is puzzling why Portman chose to repeat it here. The signal it sends is big and commercial, not small and luxurious. The result is a building that has a kind of divided personality — one

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Kilimanjaro Continued from page 7



Climbers take a rest on their way up Mount Kilimanjaro.

we could see no other humans. The guides, respecting our privacy, kept well behind us, periodically catching up to make sure we were all right. The porters pushed on ahead so they could have fires and hot tea ready when we arrived at Kibo. Suddenly, rounding a hill, we were on moonstage, the saddle between Mawenzi and Kibo. An alpine desert, it is strewn with great volcano-buried boulders, some weighing hundreds of tons. More and more, we felt the altitude. A bone-weary, the beginnings of dull headaches.

and vegetable soup, we slipped into our sleeping bags in a dormitory room of double-decker bunks. SHOULD we attempt the final ascent? It was scheduled to begin at 1 A.M. under moonlight. By thus starting in darkness, one could see the sunrise from Gilman's Point and have time not only to go on to Uhuru Peak but to get back to Horombo but by nightfall. Our bodies told us to forego that long climb and hike. Yet we have come this far. Reaching the top has become an obsession. We would have to at least give it a try. It was the right decision, for what followed was the whipped cream on our adventure sundae. Awakened at midnight by Likuli, we layered atop winter underwear all our other cold-weather gear and started up the trail, joined by our guides and a dozen other hikers and their chaggas. We were elected to lead the way, not because the others discerned hidden qualities of leadership but out of deference to our years.

HOLIDAYS & TRAVEL CLUBS

Advertisement for 'The Sloane Club' in London. Features a photograph of the club's entrance and text describing its amenities: 'Close to Sloane Square and Knightsbridge, the Sloane Club is ideally situated for visits to Buckingham Palace, the Houses of Parliament, the Strand and the City. Well appointed bedrooms, all with colour television, radio, direct dial telephone. One wing reserved exclusively for ladies. Excellent paneled dining rooms with an accent on classical English dishes. Facilities for business meetings, private reception and dining parties. Affiliated with over 90 private members' clubs worldwide. Family/individual/junior membership available.'

Finally, at about 17,000 feet, we had had enough of the hardest work of our lives, and we decided to head down. Had we taken an extra day at Horombo but we probably would have adjusted enough to the altitude to have continued on to the top. Working our way slowly down, taking care not to slide on the volcanic gravel, we felt not disappointment but an inner elation. We had put our bodies to the severest of tests and not found them wanting; a confidence builder for the years to come. And we were alive and well to tell our children and grandchildren about the greatest adventure of our lives.

Donald Streetzet is a writer who lives in Connecticut. He wrote this for The New York Times.

Advertisement for Souren Melikian. Text: 'SOUREN MELIKIAN IN THE IHT EVERY SATURDAY WITH AUTHORITATIVE WRITING ON THE WORLD OF ART AND ART AUCTIONS'.

Handwritten signature or mark at the bottom center of the page.

TRAVEL

Shatin: Hong Kong's Urban Showcase

by Fred Ferretti

SHATIN, Hong Kong — Ten years ago Shatin was a quiet patch of farmland in Hong Kong's New Territories...

Today it is the most energetic of Hong Kong's so-called new towns, a city of more than 300,000 people that is expected to grow to 500,000 within a decade...

Shatin is a place of parks, urban plazas, cinemas and branches of Japanese department stores, a weekend getaway for the people of Kowloon — 10 minutes away by train — and a growing tourist destination...

But there is more to Shatin than cement and polished granite and shopping malls like the New Town Plaza, where the waters of a computerized fountain dip and soar to symphonic music...

Some tour operators, particularly those in Australia, are booking groups into Shatin's new Hotel Riverside Plaza, where there are swimming pools, a health center, several restaurants and a discotheque...

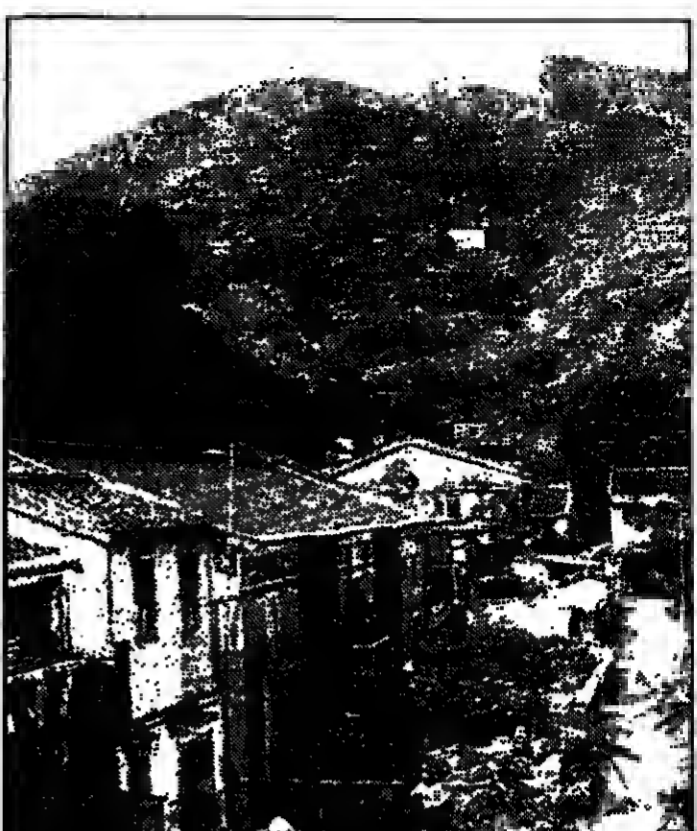
The earliest settlements in the area date to the Ming Dynasty (1368-1644), when it was reported that a village called Tai Wai had been founded four centuries earlier...

Shatin houses the Che Kung Temple, named for a general of the Sung Dynasty (960-1279). The temple, which is close to Shatin's main railroad station, is of stucco-covered stone, dark and exceedingly quiet...

Also near the station — 431 steps up from it — is the Temple of Ten Thousand Buddhas, where, if you care to count them, 12,800 small Buddhas of carved wood and sculptured clay, some painted bright scarlet, are set into its walls...

Some tour operators, particularly those in Australia, are booking groups into Shatin's new Hotel Riverside Plaza, where there are swimming pools, a health center, several restaurants and a discotheque...

It is a place from which to contemplate Shatin. One evening my wife and I took the train to Shatin, walked to the Riverside Plaza, had dinner in the Botania and a late drink...



Near the train station.

encircle the fountain, which sits in a multi-story atrium in the middle of a shopping mall. At 12:45 the music begins, occasionally Western symphonic, though more often classical Chinese, and the waters begin to dance...

The most recent manifestation of Shatin's explosive growth is the Hotel Riverside Plaza, not yet two years old. On its 17 floors are 830 rooms and suites, some facing the Shing Mun River, others the hills and temples of the town.

It is a place from which to contemplate Shatin. One evening my wife and I took the train to Shatin, walked to the Riverside Plaza, had dinner in the Botania and a late drink...

Fred Ferretti is a travel and food writer who lives in Montclair, New Jersey. He wrote this for The New York Times.

A Restaurant Family: Bistro, Post-Nouvelle

PARIS — What can diners in France look forward to in 1988? A single family of Parisian restaurateurs gives a concise response...

PATRICIA WELLS

My son wouldn't follow me, so I followed him," laughed Raymond, who four years ago traded his butcher's apron for a chef's toque...

The crowd at Le Caméléon is distinctively democratic: mailmen and bank presidents.

and tiny cubed vegetables in a heavenly broth. Equally appealing were the tourmés de lotte bardés de jambon fumé, chunks of monkfish wrapped in paper-thin slices of delicately smoked ham...

Other good bets include the filet de barbe à la moutarde ancienne, brill bathed in whole-grain mustard sauce, and the ravioli de chèvre — ravioli filled with goat cheese...

Le Caméléon, 6 Rue de Chevreuse, Paris 6; tel: 43.20.63.43. Closed Sunday and Monday. No credit cards. About 150 francs a person, including wine and service.

Gérard et Nicole, 6 Avenue Jean Moulin, Paris 14; tel: 45.42.39.56. Closed Saturday and Sunday. Credit card: Visa. A menu dégustation at 320 francs; à la carte, about 400 francs, including wine and service.

Entering this restaurant is a bit like leaving Paris while staying within its boundaries. Pretty china and fresh flowers are mingled with antique prints, rustic apaisés and Oriental rugs...

As the senior Faucher went about their career changes, Gérard and his wife, Nicole, continued to improve and embellish Gérard et Nicole, the restaurant in country-auberge style they began in the mid-1970s, when nouvelle cuisine was at its peak...

When people ask "Whatever happened to nouvelle cuisine?" I send them to places like this. Gérard Faucher's cuisine is a textbook example of how the best of nouvelle cuisine is evolving. His food is pretty but not fussy. Portions are substantial but not overwhelming.

The crowd at Le Caméléon is distinctively democratic: mailmen and bank presidents.

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Is '87 Wine Good or Bad? — Yes

by Frank J. Priol

THERE is a tale about a brash fellow who stopped J. P. Morgan as he left his club and asked, "Will the market go up or down?" To which J. P. Morgan replied, "Yes."

Talking about wine vintages before the wine is bottled is somewhat the same. There are a few factors: acid levels, sugar content, size of the crop, that sort of thing. And there are conditions: in the past when the same conditions prevailed, the wine turned out this way.

All of this adds up to some good educated guesses, but no more. That brings us to 1987. Among a winegrower's most valuable tools after the harvest are his selection of qualifying sentences and phrases. "Severe selection" was a key one this year. "Skill of the wine maker" was popular, so were "quality is irregular," "some very good wines" and "not too acidic." My favorite was "not uniformly spectacular."

The fact is that the growing season across much of Europe got a late start; the summer was average at best in terms of sun, and the harvest time was often a period of drenching rain, fog and chilly weather. It was an unimpressive scenario for the production of outstanding wine.

However, in the perverse way of the wine market, 1987 was pretty much just what the doctor ordered — or at least the banker — ordered. Stocks, thanks to a succession of large vineyard and real-estate price increases, were exceptionally high, particularly in Bordeaux. The 1987 wines, assuming that there is no

trush to buy them, give the growers and the trade some breathing space: some time to work off inventories of vintages going back to 1979, which at one level or another — grower, importer, retailer — remain unsold.

A large, high-quality 1987 vintage on the order of 1982 or '83 would have forced the sale of some previous vintage years at distress prices and virtually guaranteed the price and market collapse that so many insiders have been glumly predicting.

THE threat of a collapse is not entirely past in the United States, the weak dollar keeps the prices of most quality French wines well beyond the reach of the middle-class consumers who have always constituted the backbone of the U.S. market for French wines.

There is some irony in the Bordeaux producers' characterizing the 1987s as better than the '80s and '84s. They were indignant when the press criticized those two vintages in the months after their respective harvests. If the '87 wines do prove better than those vintages, it will only be because of — here's that phrase again — severe selection.

Selection takes place at harvest time when, theoretically at least, poor grapes are left on the vines. But, more important, it takes place at the time of the assemblage, which for most châteaux, is in February.

Wine from different parts of the vineyard is fermented separately and then blended late in the winter after the harvest. A grower who has made 20 vats of wine and is seriously interested in top quality may reject 10 vats for his final blend. That's in a good year; in a year like 1987, he may have been lucky to

make 10 vats and be hard pressed to find 3 or 4 worthy of his label.

Only the wealthiest growers — or those with the least debt — can afford this kind of selectivity. As for the consumer, seeking out the decent wines in a year like 1987 becomes correspondingly difficult.

Burgundy, too, was beset by rain and its concomitants: rot and unripe grapes. Production in some famous vineyards reportedly was off 50 percent from 1986. Little hope then, that 1987 will help to ameliorate the high prices that good Burgundies have reached in recent years, particularly 1985 for reds and '86 for whites.

For Americans, the antidote to high French prices has been California. The 1987 vintage in that state was one of high quality but lower volume than in any year since 1983. But California's problem — with the exception of a handful of premium wineries — has been finding customers, not wine.

There are still dozens of good inexpensive wines coming from California, even if a short 1987 crop allows some big midlevel wineries to work off inventory.

One pleasant bit of news: a good harvest in Oregon. That state's wine makers, even though their production is minuscule compared to California's, are getting closer and closer to producing world-class pinot noir. Each good season in the Willamette Valley brings them closer to offering true competition to the Burgundians.

Washington state also had a good year, a mixed blessing in that corner of the Northwest. Production in Washington has outstripped demand. In the more or less flat American market, the Washingtonians don't know what to do with all their wine. In 1987, they produced a record six million gallons, up from 4.5 million in 1986.

Back in Europe, the Champagne growers had a big crop in spite of the mediocre weather. It probably won't be a vintage year, something the growers decide more or less among themselves. But the volume will be welcomed; the demand for Champagne continues to rise around the world.

BEAUJOLAIS seems to have turned out extremely well. We heard that during the new wine arrived in November. And, for now, the wine was good. But so much nonsense accompanies those wines that it is almost mandatory to wait for the mature Beaujolais in late January and early February.

From every indication, the 1987 Beaujolais is not only the best in a number of years, but is perhaps even better than the lovely '85s, and may be the most successful wine out of France this year.

Alsace growers say they did better than they had hoped, which is rather equivocal praise. But at least one well-known producer, Jean Hugel, said the quality was as good as last year. In 1986, Alsace had a good to very good year.

Italy fared poorly in the north, and well to very well in the south and in Sicily. Spain had a good year in the Rioja and an excellent year in the Panadés. That should bring joy to the heart of lovers of Spanish sparkling wines, who must number in the millions, considering the enormous quantity of the wines produced in the Panadés region every year.

Mexico Continued from page 7

Here, an immense pot may be bubbling over a wood fire as scarlet, indigo and saffron dyes hang drying on the overhead lines.

Isaac Vázquez, who is a master weaver and dyer, uses the formulas of his ancestors to make natural dyes from plants. In the showroom of his home, at 44 Avenida Juárez, he has set up a display with an array of flowers, his rug and bark next to samples of the yarns spun by the dyes they produce. There is also a container filled with tiny gray cochineal insects, which produce a bright scarlet dye when boiled. This insect, known to have been cultivated for dyeing by the Zapotec people before the 13th century, created a fad in Spain when it was brought back by the conquistadors. Lately, cochineal insects have become so scarce that they have to be imported from Brazil. Although many local weavers will tell you that they use natural dyes, most have resorted to packaged synthetic products that are easier to prepare.

When it comes to weaving, the few who are considered masters stick to the slow, time-honored methods. The prices are higher, the quality impeccable. When Vázquez, 52, began to weave at the age of 12, there was one loom in his house; today there are a dozen. His large interpretation of a Mayan design, the "Birth of Twins," is a depiction of the creation story, surrounded by large jaguar motifs. It

took him about a year to make, and costs about \$1,500.

Of seven massive wooden looms at the Mendoza home, at 2 Carranza, one is usually occupied by Emiliano Mendoza, the patriarch; others by his brother, Tomás, his sister, Abigail, or his son, Arnulfo. Standing at the loom from 6 A.M. to 5 P.M., with only a lunch break, these skilled weavers often work two to three months on a 9-by-12-foot rug.

Mendoza's geometric designs incorporate Zapotec diamond, arrowhead and key motifs. In contrast, his son, Arnulfo, who studied art in Paris, has developed more personal, surreal themes. One called the "Squirrel's Dream" shows a giant armadillo with a checkerboard shell. Another depicts local trawce-inducing mushrooms. A huge rug, woven by several family members, enlarges a scene from the pre-Hispanic Codice Borgia: the story of the flight of the Morning Star as the Sun God leaves the world to move upward. The price of a Mendoza rug depends on the amount of time and work involved. Prices range from a 3-by-5-foot rug at \$60 to large ones for more than \$1,000. His son Arnulfo's tapestries are also sold in a gallery at 203 Alcalá in Oaxaca; these are priced at \$2,000 and up.

Betty Freudenheim is a weaver and co-author of "Interlacing: The Elemental Fabric" (Kodansha/Harper & Row). She wrote this for The New York Times.

LATIN AMERICA TOWARDS RENEWED GROWTH London, February 11-12, 1988 The second international conference co-sponsored by the International Herald Tribune and the Inter-American Development Bank. Includes a list of speakers, topics, and registration information.

LUKIAN SATURDAY EVE WRITING OF ART TIONS

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NYSE Most Actives table with columns for stock symbol, volume, high, low, and close.

Market Sales table showing volume for NYSE, AMEX, and OTC.

NYSE Index table showing high, low, close, and change for Composite, Industrial, and Finance.

Thursdays NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing various stocks and their prices.

NASDAQ Index table showing high, low, close, and change for Composite, Industrial, and Finance.

AMEX Most Actives table listing top active stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing specific stock transactions.

Odd-Lot Trading In N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing high, low, close, and change for Industrial, Finance, and Composite.

Standard & Poor's Index table showing high, low, close, and change for Industrial, Finance, and Composite.

NASDAQ Diary table listing specific stock transactions on NASDAQ.

AMEX Stock Index table showing high, low, close, and change for various categories.

Tables include the nationwide prices up to the closings on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed Ahead of Data

NEW YORK — Prices on the New York Stock Exchange closed on a mixed note on Thursday. Trading was skittish and dominated by investors' reluctance to commit money to equities before the release of data on the November U.S. trade shortfall.

Jack Baker, head of the equity block trading desk at Shearson Lehman Brothers Inc., said he thought the figure will prove to be "a surprise on the plus side" that could boost the market, but he said little is likely to happen before its release.

Mr. Moore said technical indications that the market was overextended last week have been substantially reversed. "Nervousness and caution have returned to the market, which means there's cash on the sidelines," he said. "That could pave the way for an improvement over the next several sessions, providing there's no disappointment with the trade number."

Center was the most active NYSE-listed issue, off 1/4 to 1 1/2. It was followed by Texaco, which slipped 1/2 to 36. On Wednesday, Texaco said the Internal Revenue Service advised it of possible back-tax liabilities totaling as much as \$6.5 billion.

Among other blue chips, AT&T closed unchanged at 28. Digital Equipment was third on the active list, off 3 to 119.4. The computer maker reported its second-quarter earnings last Wednesday that were at the low end of analysts' expectations.

Large table of stock prices and changes, including columns for stock symbol, high, low, close, and change.

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Vertical advertisement on the right side of the page, including 'Continental', 'Chemical Report H', 'GI Debt', and 'IMPORT'.

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FUJIBANK

FRIDAY, JANUARY 15, 1988

WALL STREET WATCH

Chicago Options Board Girds for Regulatory Battle

By JULIA M. FLYNN

New York Times Service

IN EVALUATING the performance of various financial markets during the October stock collapse, the Presidential Task Force on Market Mechanisms singled out the options market for its sharpest criticism.

The report, which was released last week by the panel headed by former U.S. Senator Nicholas Brady, head of the New York investment banking firm of Dillon, Read & Co. The report...

The Brady panel found the options market vulnerable to delays and trading halts Oct. 19-20.

"All markets except options remained free for trading," the presidential commission said in its report. "Nonprofessional participants, who lack access to continuous market information, expect to have continuous opportunities to withdraw from investments in a timely way. Obviously on Oct. 19 and 20, these expectations were unfulfilled."

The report noted that "individual participants who wrote 'put' options, or options to sell, before Oct. 19 and 20 often found themselves either locked into their positions or involuntarily liquidated during these two days."

At the time of the trading halts in the S&P-100 contract, officials of the options exchange said that a large number of the underlying securities of the S&P-100 index were not trading on the New York Stock Exchange, making it difficult to price options contracts.

The panel's report buttresses findings of the National Securities Administrators Association that trading in options was the biggest source of complaints after the October collapse. Indeed, the association received more than three times as many complaints from individual investors about options trading as about stock trading.

MOST OF the complaints involved complex and risky investment strategies, such as "naked puts," or selling of options without owning the underlying securities. The association considers this practice unsuitable for small investors.

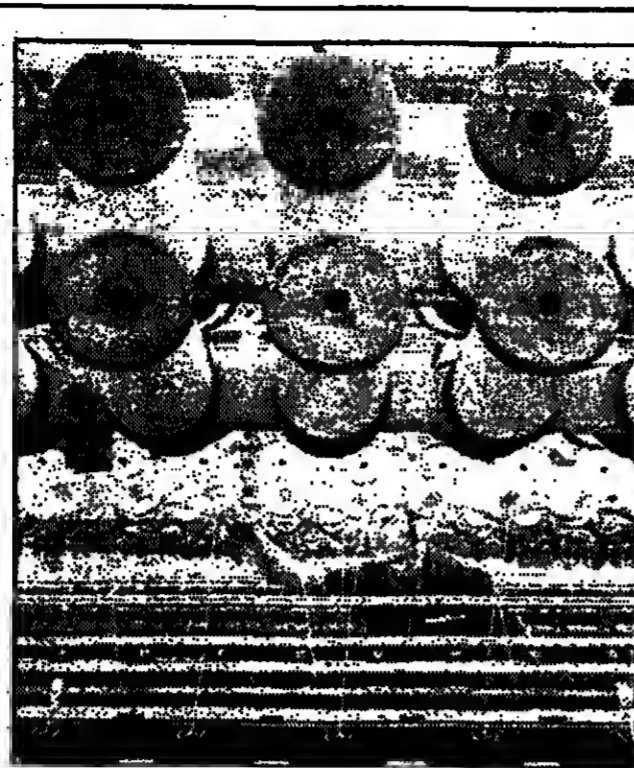
Last month it called for a crackdown on abusive sales practices by brokers and for raising individual margin requirements to 50 percent from 10 percent.

Officials of the CBOE, the oldest and largest U.S. options exchange, defended the performance of its most popular contract during the chaotic days of mid-October. But exchange officials have begun girding themselves for the regulatory battle that is expected to come.

Alger B. Chapman, the exchange's chairman, said the CBOE was studying a wide range of changes in its operations and regulatory role in response to the October market collapse.

Although the CBOE initiated its own study of stock index option prices on Oct. 20 and found them "understandable" in light of the market turmoil at that time, it recently adopted an accelerated opening procedure aimed at starting trading faster during heavy volume.

"Some things need fixing," said Mr. Chapman. "We ought to work on fixing them ourselves rather than relying on regulators and outside industry groups."



Synthetic yarn being drawn from spools and twisted into strands of reinforcing fire cord at Goodyear Tire & Rubber Co.'s plant in Colmar-Berg, Luxembourg. U.S. suppliers of many of Goodyear's parts abandoned the business in 1985 when the dollar was soaring. As a result, all of Goodyear's U.S.-made radial tires, for example, contain wire from abroad.

U.S. Trade Dilemma: The Foreign Part

By Louis Uchitelle

New York Times Service

NEW YORK — Two deeply ingrained practices of American business have largely escaped notice in the debate on the U.S. trade deficit, but are likely to prevent the shortfall from narrowing much in the 1980s and perhaps beyond, numerous experts say.

One is the practice of manufacturing products in the United States with imported parts and materials, an approach that became widespread in this decade. Eighty-eight percent of American manufacturers now use foreign ingredients, the National Association of Purchasing Management found in a recent survey.

The other is the common practice of American multinational corporations of filling foreign orders from their overseas factories rather than with goods from their U.S. plants. If these multinationals could somehow bring their foreign production back to the United States, the nation's exports would double, Commerce Department statistics indicate.

The sums involved are huge: roughly \$11 billion a month in added imports and \$21 billion a month in lost exports.

They are a major reason why the trade deficit, which hit a monthly record of \$17.6 billion in October, is so hard to reduce, economists say. Many predict that the November deficit, to be announced Friday, will be between \$14.5 billion and \$16 billion.

This is still very high, although the low value of the dollar against other major currencies is indeed increasing exports sharply by making American goods purchased abroad less expensive. The rise in exports — to an estimated \$250 billion in 1987, from \$214 billion in 1986 — is likely to help reduce the trade deficit. Still, imports are expected to total nearly \$400 billion, up from \$383 billion in 1986.

Although the weaker dollar is allowing American companies to increase their domestic production and to export more, many are also stepping up their imports of the parts and materials that go into this rising output.

They are sticking with these imports even though they have become more costly in dollar terms. Similarly, they are sticking with their foreign plants, although most are in Europe and have become less cost-competitive with American plants.

What the U.S. Is Selling

Table with 2 columns: Leading Exports, 1986 and Amount (\$ billions). Includes Transportation equipment, Office machinery, Electrical machinery, etc.

And What It Is Buying

Table with 2 columns: Leading Imports, 1986 and Amount (\$ billions). Includes New passenger cars, Petroleum products, Office machinery, etc.

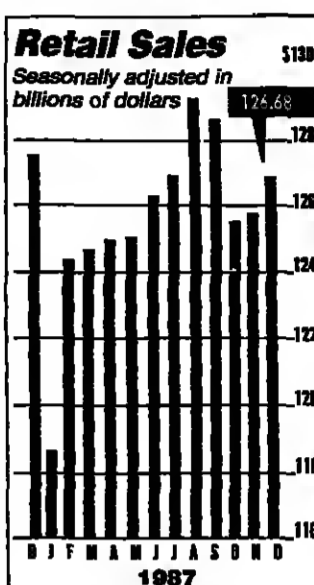
U.S. Retail Sales Edged Up 0.7% In December

WASHINGTON — U.S. retail sales rose 0.7 percent in December, an uptick that reflected strong auto sales but a weak performance among general merchandisers, the Commerce Department said Thursday.

A preliminary estimate showed \$126.7 billion in retail sales, up from \$125.8 billion in November, according to the department's Census Bureau.

Economists had predicted an overall increase of about 1 percent. The 0.7 percent rise followed a scant 0.1 percent gain in November, revised from 0.2 percent; and drops of 0.9 percent in October and 1.7 percent in September.

Auto dealers' sales jumped 2.4 percent in December following a 0.7 percent decline in November. Excluding auto sales, retail sales in December advanced just 0.2 percent after a 0.3 percent rise the previous month.



Source: Department of Commerce

The retail figures are adjusted for seasonal variations, but not for inflation. The December gain was the steepest climb since August, when sales rose 1.5 percent amid incentives at automobile showrooms.

Despite the year-end surge, retail sales for all of 1987 were up just 3.5 percent to \$1.51 trillion. It was the smallest annual gain since a 2.8 percent rise in the recession year of 1982.

Economists had been watching retail sales, particularly Christmas sales, for any sign that the October stock crisis dampened consumer confidence.

Others basically agree. "We're going to see a shift, but it takes a long time to build up the expectation that the dollar will stay down," said Peter Hooper, an economist at the Federal Reserve system.

For their part, many business executives maintain that even if the dollar were to remain weak for years — and they are not convinced that it will — they would not bring home significant portions of their production. They cite reasons for using foreign suppliers and for manufacturing abroad that have little to do with the dollar's value.

"Our production system may be much See IMPORTS, Page 13

cent selling season this Christmas." He said that the comparison with a year earlier suggested "a modest gain in real volume."

But Michael K. Evans, president of a Washington-based forecasting service, said that department store retailers were "whistling past the graveyard." They wanted to put an optimistic gloss on reports to keep up confidence, but the figures suggest that's not warranted.

He attributed the generally soft sales to "ordinary economic factors," however, not the stock collapse. He said the increase in auto sales was triggered by the renewal of sales incentives by domestic car makers.

The increase in sales from November to December came primarily in durable goods, which posted a 1.7 percent advance. Auto sales led the way, followed by a 1.3 percent increase in sales of building materials, hardware, garden supplies and mobile homes.

Economists said a slowdown in retail sales might help the United States make headway in reducing its big trade deficit, a major cause of recent instability on world financial markets. (AP, UPI, Reuters)

Britoil Dismisses Bid By BP as 'Derisory'

Compiled by Our Staff From Dispatches

LONDON — Britoil PLC quickly rejected Thursday as "totally inadequate" and "derisory" the \$2.27 billion (\$4.13 billion) cash offer that British Petroleum Co. formally launched for the independent North Sea oil producer.

Glasgow-based Britoil, which has reached a friendly agreement with Atlantic Richfield Co. of the United States to acquire a 49.9 percent stake in it, also said a "vigorous defense document is likely to be published within a week."

That document is likely to show that independent consultants value Britoil at 500 pence (\$9.12) a share, a Britoil spokesman said.

BP, which had already announced it would offer 450 pence a share for the 70.1 percent of Britoil it did not own, confirmed the cash offer Thursday in a document sent to Britoil shareholders.

BP also said that it would offer shareholders a lower alternative of cash and BP stock, which, at BP's share price Thursday, valued Britoil at 443 pence, or as total of £2.23 billion.

"The partial cash offer is worth even less than the original cash offer," Britoil's chief executive, David Walker, said in a statement. BP's partial-share alternative consisted of one BP ordinary share plus 190 pence in cash for each Britoil ordinary share. The alternative offer was not made available to U.S. or Canadian shareholders.

Oil analysts had speculated that, to ensure success, BP might raise its bid when it issued its offer document. After Britoil's shares surged on Wednesday, disappointment pushed them down 11 pence to 454, on the London Stock Exchange. They rose slightly later, while BP shares were down 1 pence to 253.

BP said Thursday that it holds 29.8 percent of Britoil's 504 million shares outstanding. Los Angeles-based Arco, which owns almost 23.59 percent of Britoil, has said that it wants to purchase up to 29.9 percent on the market and obtain the rest through a swap of Arco assets for new Britoil stock.

Some analysts said that Arco may try to top BP's offer. Others have said that, no matter what happens, the U.S. company should turn a tidy profit.

BP snapped up thousands of shares in a so-called "dawn raid" on Dec. 8, buying 14.9 percent before the start of trading that day on the London exchange, and has been buying steadily since. Arco followed with its own dawn raid and since Dec. 9 has acquired about 100 million shares. (AP, Reuters)

Hong Kong Charges Li Under Law on Bribery

Compiled by Our Staff From Dispatches

HONG KONG — Ronald Li, the former chairman of the Hong Kong Stock Exchange, was charged Thursday under the colony's Prevention of Bribery Ordinance. He was charged under Section 9 of the ordinance, which involves accepting, soliciting or offering illegal advantages in relation to one's principal business, a spokesman for the Independent Commission Against Corruption said.

Mr. Li, the exchange's former chief executive, Jeffrey Sun; and the former head of the exchange's stock listing department, Donald Tsang, were arrested Jan. 2 "in connection with enquiries" by the commission. They were released on bail of \$1.28 million for Mr. Li, \$510,000 for Mr. Sun and \$3,800 for Mr. Tsang, though no charges were filed then.

Mr. Li remained free on bail Thursday, pending a court appearance Friday. The charge against him carries a maximum penalty of seven years' imprisonment and a \$64,000 fine, the spokesman said. (AFP, Reuters)



For the man with exceptional goals

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TDB, the 6th largest commercial bank in Switzerland, is an affiliate of American Express Company, which has assets of more than US\$117 billion and shareholders' equity in excess of US\$5.7 billion.

TRADE DEVELOPMENT BANK

An American Express company

The Trade Development Bank head office in Geneva, at 96-98, rue du Rhône.

Currency Rates

Table of currency rates for various countries including Germany, Japan, France, etc.

Interest Rates

Table of interest rates for various currencies and terms.

Key Money Rates

Table of key money rates for different currencies.

U.S. Money Market Funds

Table of U.S. money market funds with columns for fund name and yield.

Gold

Table of gold prices in various currencies.

Vertical text on the left edge of the page, including 'REAL ESTATE TO RENT/SHARE' and other small advertisements.

Vertical text on the right edge of the page, including 'STINGING CHIEF' and other small advertisements.

Thursdays NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div Yld PE 52 Weeks High Low Close

Table of stock prices for various companies including IBM, AT&T, and others.

Table of stock prices for various companies including General Electric, Ford, and others.

Sales of U.S. Cars Rose In First Part of January

By Philip E. Ross. DETROIT — Sales of new American-made cars and light trucks climbed 21.8 percent early this month from the sales in the comparable period a year earlier...

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Company Results

Revenue and profit or loss, in millions, are in local currencies unless otherwise indicated.

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NYSE Highs-Lows

Table of NYSE high and low prices for various companies.

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AMEX Highs-Lows

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U.S. Futures

Via The Associated Press

Jan. 14

Session High Low Open High Low Close Chg

Table of U.S. Futures prices for various commodities including Wheat, Corn, and Soybeans.

Grains

Table of grain futures prices including Wheat and Corn.

Food

Table of food futures prices including Coffee and Sugar.

Metals

Table of metal futures prices including Copper and Aluminum.

Livestock

Table of livestock futures prices including Cattle and Hogs.

Currency Options

Table of currency option prices for various currencies.

Financial

Table of financial market data including Treasury bills and bonds.

Paris Commodities

Table of Paris commodity prices for various goods.

London Commodities

Table of London commodity prices for various goods.

Dividends

Table of dividend payments for various companies.

Spot Commodities

Table of spot commodity prices for various goods.

U.S. Treasuries

Table of U.S. Treasury bond and bill prices.

DM Futures Options

Table of DM futures option prices.

Mitsubishi to Purchase More Foreign Parts

TOKYO — Mitsubishi Motors Corp. said Thursday that it will take advantage of the strong yen by increasing purchases of foreign auto parts by 9.6 percent to 25 billion yen (\$190 million) in the year ending March 31...

JAL Hiring 113 Foreigners

TOKYO — Japan Air Lines will hire 113 non-Japanese for its cabin crews in a bid to strengthen its international competitiveness...

U.K. Jobless Rate Falls to 9.4%

Reuter. LONDON — The number of unemployed Briton fell by more than 35,000 last month to 2.6 million, its lowest level since 1982...

Foreigners Invest in Portugal

LISBON — Foreign investors, attracted by Portugal's healthy economic growth and new-found political stability, almost tripled their investments in the country in 1987...

Lead, Zinc Output Rose In West, Group Reports

LONDON — The West's output of lead from mines and refineries rose slightly in the first 11 months of 1987, while a more substantial increase was reported for zinc...

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DM Futures Options

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Continental Chemical Report Higher Debt Is Imports: The world's largest producer of synthetic rubber...

BUSINESS ROUNDUP

Continental Adds to Loan Reserves

CHICAGO — Continental Illinois Corp., fighting to come back from its near-collapse in 1984, will add another \$200 million to its reserves to cover possible losses on loans to Third World countries...

Chemical, Bank of New York Report Higher Net in Quarter

NEW YORK — Chemical Bank Corp., one of the largest bank holding companies in the United States, said Thursday that its fourth-quarter net profit rose sharply...

GM Debt Is Downgraded

NEW YORK — Moody's Investors Service Inc. said Thursday that it had downgraded the ratings on \$54 billion of debt of General Motors Corp. and its credit subsidiary...

IMPORTS: U.S. Companies Boost Exports — Made With Foreign Parts

(Continued from first finance page) more rigidly tied to imported parts and materials than many people realize...

Grand Met Could Net £25 Million On Seagram Bid

PARIS — Grand Metropolitan PLC of Britain could reap a profit of around £25 million (\$45 million) on its stake in Martell & Cognac if it accepted the Martell takeover offer...

Apple-Digital Development Pact Expected

By Andrew Pollack NEW YORK Times Service CUPERTINO, California — Apple Computer Inc. is expected to announce Friday that it will enter into a joint development agreement with Digital Equipment Corp.

A Rush on Générale Shares

BRUSSELS — A record number of shares traded Thursday in Belgium's biggest company, Société Générale de Belgique, leaving the Brussels Bourse perplexed over who the mystery buyer might be.

Pearson, Asahi Reportedly Weigh Printing FT in Tokyo

TOKYO — Pearson PLC is seeking an arrangement with the publisher of Asahi Shimbun to print the Financial Times in Tokyo...

Apple-Digital Development Pact Expected

With the Digital agreement, Apple would seem to be making a formal move in a direction in which it has been heading for a couple of years...

Notice U.S. \$75,000,000 IC Industries Finance Corporation Guaranteed Floating Rate Notes due 1991

Options and Futures for the Private Investor FREE GUIDE A fear of losing unlimited amounts of money and general lack of understanding has led the private investor to avoid the futures and options markets...

Table with columns: Ticker, Bid, Ask, Change. Includes entries for Alan Jones Pit Stop, Bitter Corp., Chiron, GoodMark Food, MAG Holdings, NAGAR, Noz Business Sys, Gold Glory USA Inc.

Turkey Hangup Analysts decided during the holiday season that an oversupply of turkeys would crumh the hog-products market...

Uniroyal Plastics Company, Inc. has sold its European Thermoplastic Sheet Operations to British Vita PLC

Hutton MANAGED CURRENCIES PROGRAM PERFORMANCE RESULT FOR BEGINNING EQUITY OF \$ 20,000 JANUARY 1st 1987 HAS BECOME \$ 37,811 DECEMBER 31st 1987

Familiarity breeds content. Since 16th October, the FT All Share Index has dropped approximately 22%. But before you decide it's time for offshore investors to sever their relationship with the stock market, consider this...

CURRENCY MARKETS

Dollar Slips as Trade Report Nears

NEW YORK — The dollar slipped Thursday in New York as traders became increasingly nervous about the release Friday of U.S. trade figures for November. Analysts also cited disappointment that West Germany's failure to reduce interest rates or take other stimulatory measures following a report Wednesday that the nation's economic growth slowed to 1.7 percent last year.

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes Deutsche mark, Japanese yen, Swiss franc, French franc.

day to ensure that "resources" for stabilizing rates were adequate. Earlier in Europe, the dollar rose slightly while traders marked time ahead of the trade report. The currency closed in London at 1.6375 DM, up from 1.6330 DM at Wednesday's close, and at 126.70 yen, up marginally from 126.60.

Ruding Assails G-7 for Failure To Steady Rates

WASHINGTON — H. Onno Ruding, the Dutch finance minister, said Thursday that the Group of Seven nations had failed to honor their pledges to steady currencies. He urged policy changes, including a rise in U.S. interest rates. "To put it mildly, not everybody in the world is terribly impressed by what these countries have achieved in the exchange markets since September," said Mr. Ruding, the chairman of the International Monetary Fund's policy-making Interim Committee.

Bonn Sticks to '88 Growth Target

By Ferdinand Protzman

BONN — Despite evidence that West German economic growth came to a virtual standstill in the final quarter of 1987, officials said Thursday that Chancellor Helmut Kohl's conservative coalition is still aiming for expansion of between 1.5 and 2 percent in 1988. Economics Minister Martin Bangemann reiterated the government's 1988 target in a speech to regional and local government officials. He said that expansion would again be powered by domestic demand, which has replaced export sales as the driving force in West German economic growth.

But Mr. Bangemann said figures showed that, despite the turbulence in the financial markets, there was on "notable deviation" from the growth path that the German economy has followed so far.

He added that the economy would benefit from net tax cuts of 14 billion DM (\$8.54 billion) that take effect this month; low interest rates, and the government's 21 billion DM investment incentive program for municipalities and medium-size and small business. Mr. Stoltenberg, meanwhile, in a preliminary review of the nation's

1987 budget results, said that the budget deficit amounted to 27.5 billion DM, or 5.2 billion DM more than had been planned.

Government expenditures amounted to 269.1 billion DM, barely higher than the government's target of 268.5 billion and 2.9 percent higher than in 1986. Tax revenue, however, was 3.5 percent lower than planned, at 217 billion DM, Mr. Stoltenberg said. Income from privatization was 2.4 billion DM, well below the 3.3 billion DM originally targeted.

Inflation in France Was 3.1% Last Year

Agence France-Press

PARIS — French consumer prices rose 3.1 percent in 1987 against 2.1 percent in 1986, according to provisional government figures released Thursday. The increase was only 0.1 percent in December, the eighth consecutive month in which prices rose 0.2 percent or less. Excluding energy prices, consumer inflation in 1987 was the lowest in 15 years.

ASSESS: Offer to Swap SDRs Is Seen as Halfhearted Way to Aid Dollar

(Continued from Page 1) see an end to the U.S. currency's decline, warmly welcomed the idea of mobilizing IMF special drawing rights in the dollar's defense. They said the offer was a "halfhearted" way to stabilize world exchange rates.

swap agreements with other central banks to borrow foreign currencies in exchange for dollars. But it can also avail itself of just under \$10 billion worth of special drawing rights, a reserve asset defined as a basket of the world's top five trading currencies — dollars, yen, Deutsche marks, British pounds and French francs — that it holds on deposit at the IMF.

The United States traded special drawing rights for yen and marks, and used them to acquire Swiss francs through a roundabout route, during the dollar rescue operation mounted in November 1978. At that time, the United States also issued the so-called "Carter bonds," denominated in yen, marks, and Swiss francs, to raise foreign currencies to support the dollar. That is what many private economists would like to see repeated. Administration officials, however, emphasized Thursday that "no body in the administration wants to do it. It is not a good idea."

Price Drops on in London

A sudden drop in the price of gold on Thursday, as well as a decline in the price of silver, were cited as reasons for the drop in the price of gold on Thursday. The price of gold fell from \$350.00 to \$345.00, while the price of silver fell from \$10.00 to \$9.50.

JR READER'S HOLLAND

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Deutsche Mark

Table with columns: High, Low, 4 P.M. Close, Change. Lists various stock prices.

Japanese Yen

Table with columns: High, Low, 4 P.M. Close, Change. Lists various stock prices.

Thursday's OTC Prices

NASDAQ listing as of 4:00 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Via The Associated Press

Table with columns: High, Low, 4 P.M. Close, Change. Lists OTC stock prices.

12 Month High Low Stock Div. Yld. Sales in High Low 4 P.M. Close

Table with columns: High, Low, 4 P.M. Close, Change. Lists 12-month high/low stock prices.

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Thursday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Table with columns: High, Low, 4 P.M. Close, Change. Lists 12-month high/low stock prices.

SPORTS

Graf in Top Form; Edberg, Wilander Gain

MELBOURNE — West German Steffi Graf, top-ranked among the world's women players, dazzled tennis fans Thursday with a power game that demolished Janine Thompson and vaulted into the third round of the Australian Open.

Edberg, the defending champion, beat Mronz 6-4, 6-3, 6-1, after over-crowding off-court problems. He arrived here with 11 rackets and gave three of them to a Melbourne stringer to have the tension adjusted.

Cash Fined \$10,000 Wimbledon champion Pat Cash incurred a \$10,000 fine Thursday for an "audible obscenity" penalty during his opening-round match at the Australian Open, United Press International reported Thursday from Melbourne.



Steffi Graf, during her rout of Janine Thompson: "I just go for my shots. . . I guess it's just natural."

French Artistes Have the Leading Roles

PARIS — Rugby is one of Europe's art forms. Like opera or the three-hour lunch. Lately, the French coach, Jacques Fouroux, has been likening past teams to Loire Valley chateaux.



Les Cusworth: At 33, still a foxy flyhalf.

Any of England's players who didn't see that TV show will have heard lots about it from Utley & Co. by mid-afternoon Saturday. It's France, now 33 and out of international action since 1984, has been brought back at flyhalf for lack of younger talent.

At 5-foot-6 1/2 (1.68 meters), the foxy flyhalf will need spring in his hind legs to survive the hunt. Heights in France's pack of forwards range up to lock Patrick Serriere's 6-foot-7 1/2, with weights to match.

Porto Wins Cup, Completes Triple

With Jaime Magalhães, above, typifying a ball-control first half and Antonio de Sousa scoring in the 70th minute, Porto registered a 1-0 home-field victory over Ajax of Amsterdam Wednesday night to win soccer's European Super Cup on 2-0 aggregate.

Figini, Winner of Downhill, Widens Lead Over Walliser

ZINAL, Switzerland — Michela Figini won her second downhill of the World Cup ski season here Thursday by nearly a second, and surged ahead in her points race with Swiss teammate Maria Walliser.

Clippers Halt Streaks

LOS ANGELES — Quintin Dailey hit the tying basket and set up the crucial score, a driving lay-up by Larry Drew with 23 seconds left in overtime, as the Los Angeles Clippers stunned the Los Angeles Lakers, 110-109, Wednesday night and halted the National Basketball Association's longest winning streak since 1982.

China to Compete In Summer Games

LAUSANNE, Switzerland — China confirmed Thursday that it would compete at the Summer Olympics in Seoul, ignoring North Korea's appeal for a boycott by communist nations unless it is allowed to co-host the Games.

FA Cup Deal: Beer Bust

LONDON — A £20 million (\$36.4 million) proposal by a brewery to sponsor England's top soccer tournament was rejected Thursday by the Football Association.

Porto Wins Cup, Completes Triple

With Jaime Magalhães, above, typifying a ball-control first half and Antonio de Sousa scoring in the 70th minute, Porto registered a 1-0 home-field victory over Ajax of Amsterdam Wednesday night to win soccer's European Super Cup on 2-0 aggregate.

SCOREBOARD

Table with columns for U.S. College Results, U.S. College Standings, and U.S. College Leaders. Includes team names and scores.

Tennis

Table with columns for Australian Open Singles Results and Women's Downhill. Lists player names and scores.

NBA Standings

Table with columns for Eastern Conference and Western Conference. Lists team names and win/loss records.

Hockey

Table with columns for NHL Standings and Campbell Conference. Lists team names and win/loss records.

World Cup Skiing

Table with columns for Downhill, Slalom, and Giant Slalom. Lists skier names and times.

Rugby

Table with columns for Five Nations Schedule and Transition. Lists dates and locations for matches.

Escorts & Guides

Table with columns for International Classified, Escort Services, and Agency NY. Lists contact information for various services.

OBSERVER

The Wall Street Minuet

By Russell Baker
NEW YORK—After the stock market's October blowout Wall Street said it was Washington's fault. What caused it, said Wall Street, was President Reagan's famous voodoo economics: spend and spend, and tax not, tax not, tax not.

The Big Ring Theory of David Hykes

By Mike Zwerin
PARIS—Musical spirituality involves a combination of quality, intensity, acoustics and creative listening. It comes through when performer and listeners resonate together. Something universal must appear to be at stake.



Hykes, discovering "a sort of contemporary sacred music."

Gyoto Monks: Tibetan Tantric Choir.
Hykes is resigned to rejecting categorization. Newsweek listed his choir's first album, "Hearing Solar Winds," as one of the best classical albums of 1982. The New York Times made it a "pop pick" (it has sold over 60,000 copies). "I hate the term 'New Age,'" he says. "It implies passivity on the part of the listener. What we understand as listening is really a limited perception. We tend to listen through a filter—what we say, 'Oh, this is classical music' or 'This is jazz.' Then we turn the switch off. You have to listen, not think about listening. It should reveal something universal. Harmonic music is based on a principle that is constant everywhere. The overtone series is a universal truth free of stylistic or cultural barriers."

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